Department of Health (England) Consultation on Reforming Healthcare Education Funding

UNISON Response June 2016
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1 **Introduction**

1.1 UNISON is the UK’s largest public service union in health with 450,000 members employed and studying across the service. We are pleased to have the opportunity to respond to the Department of Health consultation on reforming healthcare education.

1.2 As the largest public service trade union and the voice of the healthcare team, we are instrumental at influencing policy at regional, national and international level. We work with government and UK and international unions to shape healthcare. UNISON has a long history of working with organisations and individuals who work and campaign in the areas of practice, education and care. UNISON works closely with each of the health regulators to establish standards and policies in both patient care and education. We are a key stakeholder and value the opportunity in our collaborations to improve patient safety and care and the environment staff work in.

1.3 As part of our consultation process, we sought the views of our members, activists and regions using a variety of methods. These included sending the consultation document to our 300 health branches across the United Kingdom (UK), seeking views and opinions on the impact of the changes in England and the impact on the devolved nations under the Barnett formula.

1.4 We have consulted widely with our NHS membership and in particular our student network and nursing and allied health professional sectors within UNISON. UNISON has also worked closely with other trade unions and professional bodies on this issue, including the National Union of Students (NUS), the Royal College of Nursing (RCN), the Royal College of Midwives (RCM), the British Dental Association (BDA), and the British Medical Association (BMA).

1.5 In our response we have sought to capture all feedback to the consultation document, articulating what individuals felt were the main problems with the removal of NHS bursaries. We have also captured feedback on alternative models of funding, which were disappointingly not considered by the government.

1.6 We hope the Department will take into account the weight of UNISON's views as a major stakeholder and the strength of feeling that our members have expressed. We remain committed to finding solutions which make a real difference to healthcare students and the service.
2 Executive summary

2.1 UNISON is calling on the government to think again, to pause the current consultation process and commit to working with us and others for a more effective education funding system for healthcare students.

2.2 There is overwhelming opposition to the government’s plans from students, patients, nurses, midwives and other allied health professionals. This culminated in the unprecedented move of 20 leading organisations and charities writing an open letter to the Prime Minister backing UNISON’s call for a pause.

2.3 The voting public including Conservative voters, do not appear to support the government’s plans. In an independent poll by YouGov, 77% of respondents said the government should continue to pay for the training of healthcare students. When asked if the government should continue to pay a bursary to NHS students 72% said it should.

2.4 Nearly three-quarters (72%) of respondents who voted Conservative at the last election were in favour of the government continuing to pay tuition fees and 68% also supported the continued funding of the bursary.

2.5 An independent report from London Economics suggests the plans will lead to 2,000 fewer students and make universities worse off by between £57-77m per student intake. Treasury estimates on savings are not backed by evidence as many students will never earn enough to pay the debt off.

2.6 Government plans are a huge gamble with the future of patient safety and put public protection at risk. The impact will not immediately be felt by the public but this will lead to a direct detrimental impact on patient care by 2020.

2.7 Nursing and healthcare students differ from the wider student population. They are older, more likely to have caring responsibilities, come from a lower socio-economic background and a higher number will be pursuing a second degree. In 2020 student nurses will graduate with over £50,000 worth of debt and this will have a long term impact on their career choices.

2.8 Healthcare students are a key part of the NHS workforce. They work early, late night and weekend shifts. They take the same risks and are exposed to the same hazards as other healthcare staff. UNISON believes this should be recognised and they should receive payment for this.

2.9 These plans will have a disproportionate impact on women, in particular if they fall pregnant during their studies. They would go from receiving 12 months
leave to two months, hardly time to recover from labour let alone spend time with their child.

2.10 In our response UNISON puts forwards a series of alternatives, which could be considered by the government. There is considerable support for these as demonstrated by the YouGov poll.

2.11 UNISON is deeply worried about the impact government plans could inadvertently have on post registration training, which leads to qualifications in health visiting, specialist practitioners and district nurses. In particular, it could singularly wipe out the progress that the last government made on increasing health visitor numbers.

2.12 These proposals will make it difficult for the Secretary of State for Health and for Health Education England to fulfil their statutory obligations to ensure the security of supply of the future healthcare workforce.

2.13 UNISON is committed to working to find a solution for our future NHS workforce but these plans have not been tested and are not supported by an evidence base. UNISON believes that this could pose a risk to patient safety. This has become ever more important in light of the referendum decision as our ability in the future to rely on European and international recruitment will become ever more complex.
3 Background

3.1 UNISON is disappointed the government did not consult on the future shape of healthcare education funding.

3.2 To canvas a broad range of opinion, UNISON conducted a national consultation of healthcare assistants, educators, qualified and student nurses, midwives, and allied health professionals. Members were encouraged to discuss and feed back comments and opinions. Views were sought across all parts of the UK to ensure the impact on the Barnett formula was taken into account.

3.3 Information about the proposals was also made available on our website with contributions received both from online surveys, including a consultation survey and a student hardship survey, and formal submissions from branches, members and forums.

3.4 As part of our communication strategy, we developed an online consultation survey that was widely distributed to our members via email. Regional student nursing officers also facilitated local briefings and engagement events at universities.

3.5 We did not limit our discussions to the questions identified by the Department of Health. Using our online hardship survey, we asked key questions on debt to seek students’ views on what impact it could have on demand for course places and attrition rates. We also asked questions that we felt the consultation document should have included.

3.6 The Department failed to provide adequate analysis of this impact, so to inform our consultation responses, UNISON and NUS commissioned independent economic analysis by London Economics. London Economics is a respected organisation that has conducted similar work on other reforms to health and higher education. For example, it was able to identify that the cost of the new higher education finance system, introduced in 2012, would be far more expensive than the government had first predicted.2

3.7 London Economics has developed detailed statistical models and analysed other evidence to find that, in summary:

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1 The London Economics report, plus an addendum responding to one critique of its findings, will be submitted alongside this consultation response. The reports can also be found at the following links:

3.7.1 given the impact of such an unprecedented percentage increase in the cost of courses, and the student profile of those who undertake them, the proposals will vastly increase the debt levels of students. Even with a relatively conservative estimate, the demand for healthcare courses will reduce so that not only will the additional graduates fail to materialise, but current supply may also not be sustained;

3.7.2 that given this reduction in demand, and the costs of providing support via agreements with the Office for Fair Access, the additional income for institutions may not be realised. With the addition of greater competition between institutions, some may find courses become unviable; and

3.7.3 that the cost to the government arising from a far higher RAB\(^3\) charge for healthcare students, again related to the student profile involved, coupled with greater reliance on agency staff as the NHS seeks to make good the shortages in qualified staff, risks eliminating any savings to the public purse.

3.8 The detailed analysis, including the basis for the statistical models and illustrations of the impact, can be found in the reports. What these findings show is that these proposed reforms, far from solving the problems the Department identifies, will in fact make those problems worse. As such, the economic case is weak, the risks are clear, and it is simply reckless for the Department to pursue these changes.

3.9 UNISON commissioned YouGov to undertake a survey of the public. This aimed to establish the degree of public support to retain NHS bursaries and invest more money in the training of nurses, midwives and allied health professionals by paying them while they’re on their clinical placements.

4 **Composition of consultation survey respondents**

4.1 UNISON received 2,904 individual responses to its consultation survey. The majority of responses were from respondents working or studying in the North West (14%), South East (13%), and Greater London (12%).

4.2 Four in ten (40%) respondents were qualified nurses and midwives, 19% were allied health professionals, 20% were healthcare assistants, 5% were nursing, midwifery and allied health professional educators, and 11% were student nurses, midwives, and allied health professionals.

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\(^3\) Resource, accounting and budgeting charge, which broadly quantifies the loss to government on the student loans made because of write-offs after 30 years or at death
4.3 Two-thirds (66%) of respondents said they had received a NHS bursary when they applied to study to become a nurse, midwife or allied health professional.

4.4 When they began their degree, over a third (37%) of respondents said they were 21 years old or under, 18% were between 22 and 25 years old, over a quarter (27%) were between 26 and 35 years old, and 15% were between 36 and 45 years old. This demonstrates that healthcare students are more likely to be mature students.

4.5 Over a quarter (26%) of respondents said that their nursing, midwifery or allied health professional degree was not their first degree.

4.6 Three-quarters (75%) of respondents said they were living away from parents or guardians when they began their nursing, midwifery or allied health professional degree.

4.7 Over half (58%) of respondents said they were single with no dependent children when they began their degree. Over a quarter (27%) of respondents said they were single, married, cohabiting or in a civil partnership with dependent children when they began their degree.

4.8 Two in ten (22%) respondents said they had caring responsibilities for someone sick, disabled or elderly during their nursing, midwifery and allied health professional studies.

4.9 Almost six in ten (59%) respondents said they undertook additional paid employment while they were studying.

4.10 Over three-quarters (79%) of respondents were female and 21% were male.

4.11 Two per cent of respondents were between 18 and 20 years old, 4% were between 21 and 24 years old, 19% were between 25 and 34 years old, 26% were between 36 and 44 years old, and half (50%) were between 45 and 65 years old.

4.12 Almost one in ten (9%) respondents had a disability.

4.13 Over three-quarters (77%) of respondents indicated that their ethnic group was white UK. Almost a quarter (23%) indicated that they were black or minority ethnic.

5 Composition of hardship survey respondents

5.1 UNISON received 726 responses to its student hardship survey. Over three-quarters (78%) of respondents were undertaking their course in England compared with 13% in Wales, 7% in Scotland, and 2% in Northern Ireland. The
majority of responses in England were from respondents studying in Greater London (17%), the South East (14%), and the North West (14%).

5.2 Four in ten (42%) respondents were in their first year, 28% were in their second year, 20% were in their third year, 1% were in their fourth year, and 9% were recently qualified.

5.3 Eighty seven per cent of respondents were undertaking a nursing degree, 6% a midwifery degree, 2% an operating department practitioner course, 1% an occupational therapist course, and 3% another course.

5.4 Of the respondents undertaking a nursing degree, 68% were involved in adult nursing, 18% were involved in mental health, 9% were involved in child, and 4% were involved in learning disability.

5.5 Almost two-thirds (65%) of respondents were in paid employment immediately prior to starting their course compared with over a third (39%) who were students at college or school.

5.6 Nine in ten (94%) respondents said they received a bursary. Over two-thirds (68%) of respondents said they supplement their bursary through extra paid employment. Six in ten (60%) respondents said their additional job was as a healthcare assistant.

5.7 Almost three-quarters (72%) of respondents said they had caring responsibilities. Over half (58%) of respondents were caring for school-age children, 32% were caring for pre-school children, 22% for an elderly relative, and 15% for a long-term sick or disabled dependent.

5.8 Almost half (47%) of respondents rented privately, 22% owned their own home, 18% lived with their parents, and 6% stayed in halls of residence.

5.9 Almost nine in ten (88%) respondents were female and 12% were male.

5.10 One in ten (12%) respondents were between 18 to 20 years old, 24% were between 21 to 24 years old, 41% were between 25 to 34 years old, 18% were between 35 and 44 years old, and 6% were between 45 and 65 years old.

5.11 Almost one in ten (9%) respondents said they had a disability.

5.12 Over three-quarters (77%) of respondents indicated that their ethnic group was white UK. Almost one-quarter (23%) indicated that they were black or minority ethnic.
6 Key findings of the YouGov poll and the London Economics report

6.1 On 13 and 14 June 2016, an independent poll commissioned by UNISON was undertaken by YouGov on the government plans to remove the financial support that students currently receive. The total sample size was 1,656 adults.

6.2 When asked if they thought the government should or should not continue to pay the tuition fees for student nurses or would the money be better spent elsewhere, over three-quarters (77%) of respondents said that the government should pay for the training of student nurses. When broken down by political party, 72% of respondents who had voted Conservative at the 2015 general election said that the government should pay for the training of student nurses.

6.3 When asked if they thought the government should or should not continue to pay student nurses a bursary to help with their living costs or would the money be better spent elsewhere, almost three-quarters (72%) said the government should pay for the bursaries. When broken down by political party, 68% of respondents who had Conservative at the 2015 general election said the government should pay for the bursaries.

6.4 When asked if they thought student nurses should be paid for the hours they work in a healthcare setting (eg a hospital) while they are studying or would the money be better spent elsewhere, seven in ten (71%) respondents said student nurses should be paid. When broken down by political party, 69% of respondents who had voted Conservative at the 2015 general election said the government should pay for the bursaries.

6.5 Of those who said student nurses should be paid, 34% said they should be paid the national living wage, 31% said they should be paid more than the living wage but not as much as qualified graduate nurses, and 25% said they should be paid the Living Wage Foundation’s living wage. When broken down by those who had voted Conservative in the 2015 general election, 37% said they should be paid the national living wage, but not as much as qualified graduate nurses, and 28% said they should be paid the Living Wage Foundation’s living wage.

6.6 When asked which comes closest to their views, almost three-quarters (72%) of respondents said student nurses should be funded by the government, either through wages for hours worked in hospitals during their course or by paying students’ tuition fees and giving them a bursary. When broken down by political party, 67% of respondents who had voted Conservative at the 2015 general election shared the same view.
6.7 This YouGov poll demonstrates the overwhelming level of support – even among Conservative supporters – for retaining NHS bursaries for nursing, midwifery and allied health professional courses, and for increasing investment in health education funding by paying healthcare students for their placement hours.

6.8 UNISON urges the government to consider the poll’s findings and to recognise the public’s opinion, including those who voted Conservative at the last election, and for the country to fund student nurses, midwives and allied health professionals while they study.

7 **Question 1**

7.1 Are there further courses which you consider should be included in the scope of the reforms? If yes, what are these courses and why would the current funding and delivery models require their inclusion?

7.2 While UNISON does not support these reforms, if NHS bursaries are scrapped, it is vital pre-registration nursing courses that lead to a postgraduate diploma, and top-up courses from postgraduate diploma to master’s level, are included in the reforms as they are currently funded through a bursary that will be removed.

8 **Question 2**

8.1 Do you have any views or responses that might help inform the government’s proposed work with stakeholders to identify the full set of postgraduate healthcare courses which would not be eligible for a postgraduate master’s loan and to consider the potential support or solutions available?

8.2 Some postgraduate healthcare courses, such as healthcare diplomas and three-year healthcare masters’ degrees, would not be eligible for a postgraduate master’s loan according to the consultation document.

8.3 Pre-registration nursing courses that result in a postgraduate diploma qualification would not be eligible for the postgraduate master’s loan. As well as a qualification in itself, the postgraduate diploma (120 credits) can also lead to a master’s level qualification (180 credits) through a ‘top-up’ course of 60 credits. If NHS bursaries are scrapped, UNISON believes that a loan should be available for the postgraduate diploma and the subsequent top-up course. This is to enable students to continue to follow these routes into qualification as a registered nurse. The postgraduate diploma route can be useful for those who wish to take a shorter course than the master’s programme and for those who
wish to break up their study into the postgraduate diploma and top-up to master’s level.

8.4 It is not clear from the government’s consultation document whether the funding models of other post-registration nursing programmes that lead to registrable and recordable qualifications will be subject to reforms. This is given that the majority are currently funded by the government and ensure a supply of suitably qualified senior nurses who lead and manage services, such as district nursing. These courses include those that lead to registration on the third part of the Nursing and Midwifery Council (NMC) register (Specialist Community Public Health Nursing), including health visiting, school nursing and occupational health nursing. In addition, post-registration qualifications that are recordable include independent prescribing and specialist practitioner qualifications in community children’s nursing, district nursing, community learning disability, community mental health nursing, and general practice nursing. UNISON calls on the government to clarify whether these courses will be subject to reform.

8.5 The Higher Education Funding Council for England (HEFCE) Intentions after Graduation Survey 2014 showed that when looking at the undergraduates who intended to go into postgraduate study, those who defined as black minority ethnic (BME), disabled and mature were less likely to enrol in such study. Fear of debt and other financial considerations were the principal reasons individuals were deterred according to the previous year’s research on this topic.4

8.6 Following the removal of the NHS bursary and its replacement with repayable loans, London Economics says a representative student undertaking a full-time degree in nursing professions will see their total debt (comprising maintenance and tuition fee loans) increase from approximately £6,930 to approximately £48,788 on graduation.5 Once qualified, it is likely many graduates will be deterred from pursuing a postgraduate degree because they will not want to take on even more debt. A student with an undergraduate and a postgraduate loan will be expected to pay 15% of their income over £21,000 compared to just 9% if they only have an undergraduate loan.

8.7 Consequently, the impact of discontinuing central funding for post-registration nursing programmes that lead to registrable and recordable qualifications would have a disastrous effect on the future supply of specialist and advanced practice nurses. Removing funding for these courses would be contrary to the

4 http://dera.ioe.ac.uk/21779/1/IAGS_summary_4.pdf

government’s aim to move more care into the community and focus on prevention.\textsuperscript{6} It would also fail to recognise the important role that advanced clinical practitioners play in improving outcomes for patients with complex needs and helping address medical workforce shortages.\textsuperscript{7}

9 **Question 3**

9.1 We consider that operating the exemption will support the objectives for encouraging second degree students to undertake nursing, midwifery and allied health courses. Are there any other options, which do not include an NHS bursary, which could be considered?

9.2 The Sutton Trust, the social mobility charity, says those who graduated from English universities in 2015 – under the £9,000 fees regime – owed an average of £44,000.\textsuperscript{8} Following the removal of the NHS bursary and its replacement with repayable loans, London Economics says a representative student undertaking a full-time degree in nursing professions will see their total debt (comprising maintenance and tuition fee loans) increase from approximately £6,930 to approximately £48,788 on graduation.\textsuperscript{9} This would mean that second degree students would qualify with almost £100,000 worth of debt.

9.3 Over eight in ten (84\%) of respondents to UNISON’s consultation survey agreed or strongly agreed that the change to a loan and fees-based system would lead to decreased numbers of applications from students with a degree already (table 1). It is clear that operating the exemption will not support the objectives for encouraging second degree students to undertake nursing, midwifery and allied health professional courses.

9.4 Table 1: The change to a loan and fees based system will lead to decreased numbers of applications from students with a degree already.

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\textsuperscript{6} \url{https://www.england.nhs.uk/wp-content/uploads/2014/10/5yfv-web.pdf}

\textsuperscript{7} \url{http://www.nuffieldtrust.org.uk/sites/files/nuffield/publication/reshaping_the_workforce_web_0.pdf}

\textsuperscript{8} \url{http://www.bbc.com/news/education-36150276}

\textsuperscript{9} \url{http://londoneconomics.co.uk/blog/publication/the-impact-of-the-2015-comprehensive-spending-review-on-higher-education-fees-and-funding-arrangements-in-subjects-allied-to-medicine-may-2016/}
9.6 The only option that will encourage second degree students to undertake these courses, which does not include an NHS bursary, would be to pay them while they study.

10 Question 4

10.1 Are there circumstances in which the standard student support system that would be available for nursing, midwifery and allied health students would be inadequate or limit participation? Why is this? We are specifically interested in cases where an individual’s circumstances mean that they would not fully benefit from the increase in living cost support, or to the same extent.

10.2 In 2011, the government’s own impact assessment (IA No: 8015) for the current bursary system stated that ‘without continuing levels of support there is a risk that student numbers will fall, leading to a shortage of qualified healthcare staff’. It added that ‘debt aversion has the greatest impact on the participation of prospective students from low-income families’. Option 2 – the current system – was implemented and was due to be reviewed in October 2015, but to our knowledge no review was ever undertaken before the government’s proposals to scrap NHS bursaries were announced in autumn 2015. This review of the NHS Bursary would have been important for two reasons. Firstly to assess what impact, if any, the changes made in 2011 had on students, universities and the service. Secondly, as nursing moved to an all graduate entry profession in 2012\(^\text{10}\), the review could have been used to

\(^\text{10}\) http://www.nursingtimes.net/moving-to-an-all-graduate-profession-is-a-necessity/5015335.fullarticle
assess the impact on widening participation and to identify measures which could be considered to mitigate the impact ensuring that nursing maintained a wide entry route.

10.3 According to freedom of information request data from the Business Service Authority (BSA)\textsuperscript{11}, 5,860 (7\%) recipients of the NHS bursary only received the non-means tested bursary in 2014/15 while 53,778 (60\%) received the maximum award. This demonstrates that the vast majority of nursing, midwifery and allied health professionals are from low-income backgrounds and require funding in order to participate in higher education.

\begin{quote}
In a nutshell, only students from higher income family backgrounds will be able to afford to train as nurses. The stress of monies owed will lead to poorer results from lower income students.
\end{quote}

\textbf{HCA/SW/AP, UNISON consultation survey}

10.4

10.5 UNISON’s student hardship survey found that almost two-thirds (65\%) of respondents were in paid employment immediately prior to starting their course compared with over a third (39\%) who were students at college or school (table 2). This demonstrates that the majority of student nurses, midwives and allied health professionals are not school leavers and are in paid employment. Under the new system, these individuals will need to make a decision as to whether they give up paid employment or take on almost £50,000 worth of debt. It is likely that many of these individuals will opt for the former, reducing the number of students with life and work experience entering the profession. This knowledge can be vital, especially if they have worked as a carer or healthcare assistant.

10.6 Table 2: Immediately before you started this course, were you in (tick more than one box if appropriate)?

\begin{table}
\caption{Immediately before you started this course, were you in (tick more than one box if appropriate)?}
\end{table}

\begin{footnotesize}
\begin{footnotes}
\footnotesuper{11} \text{Freedom of information request April 2016}
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\end{footnotesize}
The majority of student nurses, midwives and allied health professionals are female. According to freedom of information request data from the BSA, 82% of recipients of the NHS bursary in 2014/15 were female. The Department for Business, Innovation and Skills (BIS) acknowledges that women are more likely to be debt averse than their male counterparts and also more likely to be single parents, who tend to be both more debt averse and more restricted in their ability to take up part-time employment. This means that their participation decisions are more likely to be affected by scrapping NHS bursaries.

The changes would limit the participation of single mothers like my mother when she trained. She was then able to support me and my sister whilst we also ended up training to be nurses. A mature student with other caring responsibilities eg elderly parents or disabled dependants these are often the ideal candidates for nursing as they already have the basic skills from experience. For example, someone from a deprived background who would otherwise have to leave school at 18 to support their family. Basically anyone who is not born into money and privilege such as those making this decision to cut bursaries.

Nurse – Adult, UNISON consultation survey

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10.10 Women are also more likely to care for children and elderly or sick relatives than men. Once qualified, these unequal caring responsibilities lead to an inequity earning potential. Due to caring responsibilities, women are more likely to work part-time. Part-time work is often to be found in public sector professions which pay less.

10.11 Alternatively, women with children are more likely than men to decide not to return to work because it is not financially viable due to the burden of childcare costs. More than twice as many mothers than fathers have found that returning to work after having a child isn’t financially worthwhile, according to the National Childbirth Trust (NCT). This is particularly true for single mothers. To add to this, each year a mother is absent from the workplace, her future wages will fall by 4% according to the Fawcett Society. All this means that debts such as student loans hang around longer for women, depleting their income. Women graduates face 16 years of student debt while men will have paid them off within 11 years, according to the British Household Panel Survey.

10.12 Given the fundamentally different characteristics of both students and graduate earnings of nurses, midwives and allied health professionals, London Economics says the cost savings to the Exchequer are more likely to be approximately £88m per cohort than the £534m stated by the government.

10.13

Nursing is a full on course and trying to work extra on top of course hours, which was full time shift patterns, was extremely difficult to do. I managed because I was determined to see it through. I feel this was mostly due to me being a mature student. I think mature students with dependants and mortgages to pay will no longer be applying to nursing courses under the government’s proposed changes.

Nurse – Adult, UNISON consultation response

10.14 According to freedom of information request data from the BSA, over a third (37%) of recipients of the NHS bursary in 2014/15 were aged 26 or over. This indicates that a large number of nursing, midwifery and allied health professional students are mature students. Since the introduction of tuition fees and student loans in undergraduate courses, the number of mature students undertaking a degree has rapidly declined. According to the Office for Fair Access (OFFA) monitoring report in May 2016, there were just over half the number (52%) of mature entrants in 2014-15 compared with 2009-10 levels. Because mature students make up such a large proportion of the nursing,

midwifery and allied health profession cohorts, UNISON anticipates an even larger decline of mature students applying for these courses.

10.15 According to freedom of information request data from the BSA, 4% of recipients of the NHS bursary in 2014/15 were disabled. Disabled people can incur increased living costs if their disability has a significant and continuing impact on their daily lives. Debt can result from the difficulty of meeting expenses associated with disability, such as moving to accessible accommodation or altering existing accommodation. Recurrent high expenditure on specific items, for which there is no assistance under the BIS system or the benefits system, is also a cause of debt. Debt sometimes occurs at the onset of disability or chronic illness. The process of adjusting to the onset of disability or illness is for some disabled people a personal crisis. In this context, financial concerns are sometimes overlooked, benefits unclaimed and debt problems rapidly accumulated. Many disabled people ascribe the onset of mental health problems, such as depression or anxiety, to the process of dealing with debt. Even a small change in income or an additional demand on income – such as student loan repayments – could trigger debt problems. Therefore disabled people are more likely to be deterred by the removal of NHS bursaries.

Sam, a student with dyspraxia and a hearing impairment, was able to apply to the Disabled Students’ Allowance (DSA) through the NHS bursary to enable him to study as a student nurse. He was supported with £1,800 worth of equipment and software, with £1,500 covered by the NHS bursary scheme. With this he was able to purchase an electronic stethoscope that he was able to use with his hearing aid to take blood pressure. He will also be able to use this throughout his nursing career to better care for patients. Sam said “Without this I would not be safe to practice as a student nurse, and subsequently wouldn’t be able to register professionally. It provides me with support that has afforded me an equal opportunity to train in a profession I have long admired. I also feel I am able to encourage others with disabilities to consider healthcare as a career and not to automatically rule themselves out. I worry that the changes to the NHS bursary scheme could further reduce the amount of money given to students for reasonable adjustments, discouraging those with disabilities from applying.

Sam, a student nurse
10.17 The Department for Work and Pensions states that there are over 11 million people currently living with disabilities in Great Britain.\textsuperscript{14} Over 20% of the population have disabilities, and evidence demonstrates that having a diverse workforce, including staff with disabilities, enables us to deliver better care. It’s vital we encourage students with disabilities to enter healthcare training if we are to provide the best levels of care to people with particular needs.\textsuperscript{15}

10.18 According to freedom of information request data from the BSA, almost a quarter (23%) of recipients of the NHS bursary in 2014/15 were BME. BIS acknowledges that BME students are more likely to be debt averse.\textsuperscript{16} UNISON believes the policy proposals present a risk to this group’s participation in nursing, midwifery and allied health professional courses.

10.19 According to freedom of information request data from the BSA, 5% of recipients of the NHS bursary in 2014/15 were Muslim. BIS acknowledges that there are some Muslim students whose faith prohibits them from taking out an interest bearing loan.\textsuperscript{17} Scrapping NHS bursaries could lead to a decline in the participation of some Muslim students. Nursing, midwifery and allied health professional courses are not like other undergraduate courses. Healthcare students are required to undertake a minimum number of practice hours in clinical placements. For example, as part of the criteria for registration with the Nursing and Midwifery Council (NMC), all nursing students on a three-year programme must complete a minimum of 2,300 hours of practice. This is an obligation under Directive EU/2015/55 on the mutual recognition of professional qualifications.\textsuperscript{18}

10.20 Students do not have any choice over the location of their placement. On some occasions, it can be far away from their home or university campus, particularly for some of the highly specialist areas of work such as radiology or occupational therapy. Consequently, students can incur additional costs in the form of travel expenses. Under the NHS bursary scheme, students eligible for the non-means tested bursary may claim the difference between the cost of daily travel from their normal term-time accommodation to their practice


\textsuperscript{15} http://www.nursingtimes.net/nursing-with-a-disability/1432744.fullarticle


\textsuperscript{18} http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32013L0055
placement site and back. However, under the BIS student support arrangements, students must contribute an excess (around £300) towards their placement travel costs before costs are reimbursed. This will have a significant impact on healthcare students whose placements play such a vital role in their professional understanding of applying academic knowledge to practice. If students are unable to meet the costs of their placements, this is a further disincentive to do the course and may cause students to leave.

10.21 Under the NHS bursary scheme, if a student has to live away from their normal term-time accommodation during a period of practice placement, they are able to claim for the cost of any temporary accommodation on or near their practice placement site. This is if it's not practical for them to travel there from their usual accommodation each day in line with Agenda for Change. If there is no equivalent under the new support system, students will be financially worse off. This is likely to hit some of the highly specialised programs hardest.

10.22 One of the groups to be hardest hit by the changes will be students with children. At present the NHS bursary scheme dependents allowance pays £2,448 per year for the first child (or an adult dependent if this applies), and £549 for any subsequent children. The loss of these payments could mean a student parent receiving significantly less support from supplementary grants, easily in excess of £2,000 per year. For this reason, the additional support for these students would not be nearly as much as BIS claims, and nor would such situations be in any way exceptional. To illustrate this point more clearly, some comparison figures are provided in table 3.

10.23 Over a quarter (27%) of respondents to UNISON’s consultation survey said they were single, married, cohabiting or in a civil partnership with dependent children when they began their degree. Because parent students will be financially worse off under the new scheme, they may be less likely to apply for nursing, midwifery and allied health professional courses from 2017.

10.24 Table 3: Dependents’ grants comparisons (2016/17 figures) (provided in conjunction with NUS)

1. Lone parent student with one child aged three and a weekly bill for childcare of £160, required for 45 weeks in the year.

---


### NHS bursary system

<table>
<thead>
<tr>
<th>Childcare grant</th>
<th>BIS system</th>
</tr>
</thead>
<tbody>
<tr>
<td>85% of £160pw, with a maximum payment of £128.75pw = £128.75pw, or £5,793.75 for the year</td>
<td>85% of £160pw, with a maximum payment of £155.24pw = £136pw, or £6,120 for the year</td>
</tr>
<tr>
<td>Parents’ learning allowance</td>
<td>Parents’ learning allowance</td>
</tr>
<tr>
<td>£1,204 per year</td>
<td>£1,573 per year</td>
</tr>
<tr>
<td>Dependents’ allowance</td>
<td>Dependents’ allowance</td>
</tr>
<tr>
<td>£2,448 per year</td>
<td>£0</td>
</tr>
<tr>
<td>Maximum entitlement: <strong>£9,445.75</strong></td>
<td>Maximum entitlement: <strong>£7,693</strong></td>
</tr>
<tr>
<td><strong>Difference:</strong> <strong>£1,752.75</strong></td>
<td></td>
</tr>
</tbody>
</table>

2. Lone parent student with two children, aged one and four. Weekly bill for childcare is £240, required for 45 weeks in the year.

<table>
<thead>
<tr>
<th>NHS bursary system</th>
<th>BIS system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare grant</td>
<td>Childcare grant</td>
</tr>
<tr>
<td>85% of £240pw, with a maximum payment of £191.45pw = £191.45pw, or £8,615.25 for the year</td>
<td>85% of £240pw, with a maximum payment of £266.24pw = £204pw, or £9,180 for the year</td>
</tr>
<tr>
<td>Parents’ learning allowance</td>
<td>Parents’ learning allowance</td>
</tr>
<tr>
<td>£1,204 per year</td>
<td>£1,573 per year</td>
</tr>
<tr>
<td>Dependents’ allowance</td>
<td>Dependents’ allowance</td>
</tr>
<tr>
<td>£2,497 per year</td>
<td>£0</td>
</tr>
<tr>
<td>Maximum entitlement: <strong>£12,816.25</strong></td>
<td>Maximum entitlement: <strong>£10,753</strong></td>
</tr>
<tr>
<td><strong>Difference:</strong> <strong>£2,063.25</strong></td>
<td></td>
</tr>
</tbody>
</table>

3. Student in a relationship with low-paid partner and three children aged 3, 5 and 8. Partner is not financially dependent but earns £15,000 per year so their income does not reduce the student’s support. Weekly bill for childcare is £270, which is required for 39 weeks in the year.

<table>
<thead>
<tr>
<th>NHS bursary system</th>
<th>BIS system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Childcare grant</td>
<td>Childcare grant</td>
</tr>
<tr>
<td>85% of £240pw, with a maximum payment of £191.45pw = £191.45pw, or £8,615.25 for the year</td>
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<tr>
<td>Parents’ learning allowance</td>
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</tr>
<tr>
<td>£1,204 per year</td>
<td>£1,573 per year</td>
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<tr>
<td>Dependents’ allowance</td>
<td>Dependents’ allowance</td>
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<tr>
<td>£2,997 per year</td>
<td>£0</td>
</tr>
<tr>
<td>Maximum entitlement: <strong>£12,816.25</strong></td>
<td>Maximum entitlement: <strong>£10,753</strong></td>
</tr>
<tr>
<td><strong>Difference:</strong> <strong>£2,063.25</strong></td>
<td></td>
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</tbody>
</table>
### 11 Question 5

11.1 Do you agree that increasing the available support for living costs (typically by around 25% or more), and enabling these students to apply for additional funding through the allowances on offer from the Student Loans Company, would ensure that we continue to have a diverse population of students?

11.2 Students and graduates will be financially worse off in the longer term because their total debt will have increased significantly, making it harder for them to meet the ever growing cost of living. In healthcare, we place great importance on health promotion and prevention – the NHS Bursary is the same it is an investment in our future workforce supply. Following the removal of the NHS bursary and its replacement with repayable loans, London Economics says a representative student undertaking a full-time degree in nursing professions will see their total debt (comprising maintenance and tuition fee loans) increase from approximately £6,930 to approximately £48,788 on graduation.²¹

11.3 While a newly qualified nurse may only repay £90 in the first year, this figure will increase as they go up the Agenda for Change pay points. The scrapping of NHS bursaries will equate to a pay cut of over £900 per annum (or 3%) for a nurse on a mean average salary (£31,080) – the amount a nurse will earn per annum for almost 75% of the repayment period.

11.4 Median earnings for nurses is £31,500, which includes unsocial hours and overtime payments. Because this is £7,500 below the median pay of other

---

graduate occupations, nurses will be hit particularly hard by the requirement to pay back 9% of their pay over £21,000.\(^{22}\) While a graduate in another occupation would have £37,380 per year after deductions, a nurse will only have £30,555 per year. Furthermore, public sector workers are subject to a 1% cap on pay rises until 2020. This means that the gap between the median pay of nurses and other graduate occupations will widen even further.

\[\text{I trained and had a salary from the go (students were counted in the numbers). The bursary reduced this. Loans and tuition fees will reduce this again. When will a student be able to pay back their loan when we don't even get pay rises in line with inflation!}
\]

\textit{Nurse – Adult, UNISON consultation survey}

11.5

11.6 UNISON’s student hardship survey found that two-thirds (67\%) of respondents supplement their bursary through extra paid employment. Seven in ten (70\%) said they worked on top of their studies to cover their own or their family’s basic living costs and over half (59\%) of those respondents said they worked as a healthcare assistant. Seven in ten (70\%) said they worked between 1 to 15 hours a week to manage. Almost two-thirds (63\%) of these respondents agreed or strongly agreed that the amount they worked was detrimental to their studies or clinical placement. Moving to a debt-only model will likely increase the extent that healthcare students work part-time and the hours they work, as they will seek to reduce their exposure to debt. Working over 16 hours per week is associated with poorer attainment, and this will be all the more acute given the intensity of healthcare courses.\(^{23}\) Finally universities also discourage students from working additional hours as they acknowledge the impact it could have, not only on the student, but also patient care whilst they are on placements.

11.7 Healthcare students are different in that they already have to work 37 hours per week in placements and at university. This is in addition to their self-directed study researching and identifying evidence to inform their academic pieces of work or practice.

11.8 Two-thirds (66\%) of respondents to UNISON’s student hardship survey said they either rent privately or live with their parents. Increasing student debt has been shown to delay the chances of a graduate buying their own home.


Scraping NHS bursaries will throw their home ownership aspirations into jeopardy.

11.9 Far from encouraging 10,000 additional training places by 2020 as claimed by the government, cutting NHS bursaries will discourage many people from becoming a nurse, midwife or allied health professional because of the fear of debt – further exacerbating the current recruitment crisis.

11.10 Over two thirds (68%) of respondents to UNISON’s consultation survey said they would not have studied nursing if they’d had to take out a full student loan and pay fees (table 4). This suggests that the government’s proposals will put off thousands of potential nurses at a time when more are needed than ever before.

11.11 Table 4: I would still have studied nursing if I’d had to take out a full student loan and pay fees

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>I don’t know</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
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<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

11.12

11.13 According to London Economics, the 71% increased costs that students and graduates will bear will result in the nursing, midwifery and allied health professions being less attractive. In all likelihood it will also reduce education participation by 6-7% equivalent to more than 2,000 students in the first year.\textsuperscript{24}

11.14 The Council of Deans of Health (CoDH) suggests that because the number of applications exceeds the number of enrolments, then increasing costs by 71%

\textsuperscript{24} http://londoneconomics.co.uk/blog/publication/the-impact-of-the-2015-comprehensive-spending-review-on-higher-education-fees-and-funding-arrangements-in-subjects-allied-to-medicine-may-2016/
may have an effect on applications, but a sufficient number of applications will persist to maintain student enrolment. The health minister Ben Gummer, during the Westminster adjournment debate on the 14 December 2015, cited 52,000 of applications, however he did not clarify how many of those were suitable applicants. It might be the case that the number of applications currently exceed the number of enrolments. However, there is no objective evidence in relation to the extent to which suitably qualified applicants exceed current enrolment levels. This is important given the more involved nature of applications in healthcare compared to the process in many other career disciplines.

11.15 Applications for full-time nursing or midwifery courses are made through UCAS. One potential student could submit a single online application to five universities. This may be one person but technically it becomes five applications giving a clear impression of high applicant numbers. Entry requirements for nursing degree courses can vary slightly because each university sets its own entry criteria. But applicants are likely to need at least two (usually three) A-levels or equivalent qualifications at level 3, plus supporting GCSEs including English, maths and a science (usually biology or human biology).

11.16 Universities require applicants to attend an interview. They are interviewed by the university and someone from a local NHS provider, normally a senior nurse/midwifery or sister. Each potential applicant has to demonstrate what they have found out about nursing as a career and understand the work that it involves.

11.17 As a result of Sir Robert Francis’ report of the Mid Staffordshire Public Inquiry published in 201325, Health Education England (HEE) developed a values-based recruitment programme. The purpose of this is to ensure that the NHS recruits the right workforce, not only with the right skills and in the right numbers, but with the right values that are aligned with the NHS Constitution.26 Students will be asked how they think the NHS values would apply in their everyday work. There are two other parts to the application process for any healthcare student. An occupational health screening assessment and a disclosure and barring service criminal background check (previously CRB) are required before they can be considered as a suitable applicant.


11.18 All of these stages are important, and are part of our public protection commitment. Healthcare students are not regulated but they provide direct care in a range of settings. So it’s vital that only applicants who can meet this standard ultimately commence their course.

11.19 Following a freedom of information request to higher education institutions (HEI) by UNISON, we estimate that only 18% of applications in nursing, midwifery and allied health professions are assessed to have met the full criteria, and would have been offered a place (table 5). If we apply this to a more practical example, we are able to show that even if application numbers are taken into consideration there will not be an additional 10,000 training places by 2020.

11.20 Table 5: Average percentage of applicants to nursing, midwifery and allied health profession courses that met the criteria and could have been offered a place in 2014/15.

<table>
<thead>
<tr>
<th>University</th>
<th>Applicants</th>
<th>Met Criteria</th>
<th>% Met criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>London South Bank</td>
<td>14,440</td>
<td>1,251</td>
<td>8.7</td>
</tr>
<tr>
<td>Manchester</td>
<td>5,212</td>
<td>639</td>
<td>12.3</td>
</tr>
<tr>
<td>Brighton</td>
<td>4,514</td>
<td>1,171</td>
<td>25.9</td>
</tr>
<tr>
<td>Northumbria</td>
<td>5,381</td>
<td>1,698</td>
<td>31.6</td>
</tr>
<tr>
<td>Cardiff</td>
<td>6,239</td>
<td>578</td>
<td>9.3</td>
</tr>
<tr>
<td>Central Lancashire</td>
<td>4,822</td>
<td>1,297</td>
<td>26.9</td>
</tr>
<tr>
<td>Leeds</td>
<td>4,611</td>
<td>983</td>
<td>21.3</td>
</tr>
<tr>
<td>Birmingham City</td>
<td>11,109</td>
<td>2,425</td>
<td>21.8</td>
</tr>
<tr>
<td>UCL</td>
<td>329</td>
<td>80</td>
<td>24.3</td>
</tr>
<tr>
<td><strong>Total/average</strong></td>
<td><strong>56,657</strong></td>
<td><strong>10,122</strong></td>
<td><strong>17.8</strong></td>
</tr>
</tbody>
</table>
11.21 For example, there were 20,033 pre-registration nurse training places in 2015/16. UCAS data suggests there are approximately 8.62 applications per acceptance/place, implying 172,684 applications – though not necessarily from unique applicants in the first instance. Hence, the presumption of healthy excess demand.

11.22 However, if approximately 18% of applications in nursing, midwifery and allied health professions are assessed to have met the eligibility and suitability criteria, and applicants would have been able to have been offered a place, this suggests that the total pool of qualified unique applicants is closer to 30,738. Based on London Economics’ analysis, this implies that a 71% increase in price would be expected to reduce the number of applicants by approximately 35.5% leaving just 19,826 suitable applicants (207 fewer per year than under the current bursary system).

11.23 Nursing is a very demanding and stressful profession, one that is not rewarded financially. By proposing to give potential new nurses large student debts it further devalues our work and demoralises us all.

*Nurse – Adult, UNISON consultation survey*

11.24 UNISON is not alone in thinking that scrapping NHS bursaries will lead to a drop in nursing, midwifery and allied health professional numbers. The House of Commons Committee of Public Accounts said in its report Managing the Supply of NHS Clinical Staff in England that ‘the changes could have a negative impact on both the overall number of applicants and on certain groups, such as mature students or those with children’.

11.25 The NHS Pay Review Body (PRB) in its 29th report said that ‘the removal of bursaries for student nurses could also have a disruptive impact on supply or the quality of supply’ and that ‘the removal of the incentive of the bursary could have an unsettling effect on the number and quality of applications for nursing training places’. Because eight in ten (84.7%) respondents to UNISON’s consultation survey agreed or strongly agreed that the NHS bursary acts as an

27 http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-01-20/23380/


29 http://www.publications.parliament.uk/pa/cm201516/cmselect/cmpubacc/731/731.pdf

incentive to apply for a nursing, midwifery or allied health professional degree, the NHS PRB is right to be concerned.

11.26 The Chief Executive of the Queen’s Nursing Institute (QNI), Dr Crystal Oldman warned that abolishing NHS bursaries for nurses’ university tuition fees will have ‘a disproportionate effect on nursing in primary care’. She highlighted the report’s finding that 33% of general practice nurses are due to retire by 2020. Dr Oldman also warned that general practices are facing a ‘looming shortage’ of nurses if new nursing recruits are put off training because of the removal of NHS funding for tuition fees.31

11.27 The Migration Advisory Committee (MAC) said in its report Partial Review of the Shortage Occupational List: Review of Nursing that ‘the government has cited a figure of an additional 10,000 nurses undertaking degrees, but at this stage this seems more of an aspiration than the result of rigorous analysis. Moreover, HEE has not made any assumptions in its plans about the impact on the removal of bursaries on future supply of nurses. The report also states that ‘public sector pay restraint may limit the numbers prepared to take up the extra places provided by universities’.32

11.28 It’s not only the MAC that doubts the government’s claim that there will be 10,000 additional training places. Almost two-thirds (63%) of respondents to UNISON’s consultation survey disagreed or strongly disagreed that scrapping NHS bursaries would create 10,000 extra training places. This is compared with 7% of respondents that agreed or strongly agreed (table 6).

11.29 Table 6: Scrapping the NHS bursary will create 10,000 extra training places


12 Question 6

12.1 Are there specific factors relating to healthcare students which you consider we need to take account of in relation to the discretionary maternity support provided by the student support system?

12.2 According to the Office for National Statistics (ONS), the average age of all mothers giving birth in England and Wales is 30.2 years. The majority of students on nursing, midwifery and allied health professional courses are women, and the average age of a nursing student is 29. Therefore, it is possible that healthcare students may be more likely to become pregnant during their course than other undergraduate students studying different courses with a lower average age of applicants. Women continue to be the largest group working in the NHS and this also replicated in the majority of health education programme.

12.3 In a case involving payment during maternity leave, *Fletcher v Blackpool Fylde & Wyre Hospitals* [2005] IRLR 689, the Employment Appeal Tribunal (EAT) found that midwives engaged in vocational training, and who therefore fall outside the legal protection afforded to workers and employees, were entitled to retain the financial support provided for their training during any maternity leave. Justice Cox stated ‘the women worked in the same environment, undertaking the same shifts, on the same wards and in the same working conditions as their colleagues’.

12.4 This hard won right will be removed under the student support system. This is because it only includes a two month discretionary element to continue to provide living costs support in cases where students suspend their studies for a range of reasons, including pregnancy, rather than the current 12 month support available under the NHS bursary scheme. Statutory maternity leave allows for longer than the government intends under its new plans.

12.5 In 2014/15, according to a freedom of information request to the BSA, 89,029 students were in receipt of the NHS bursary. A total of 1,006 (1%) of these recipients, of which almost half (43%) were single mothers, claimed the maternity allowance. The maternity allowance under the NHS bursary scheme enabled almost a third (31%) of recipients to return to the course in 2014/15 (table 7). Without this support under the current NHS bursary scheme, fewer pregnant students will be able to return to the course after maternity leave resulting in higher levels of attrition.

12.6 Table 7: the number of students in receipt of the NHS bursary and receiving maternity allowance according to the BSA.

<table>
<thead>
<tr>
<th>Course</th>
<th>Receive bursary</th>
<th>Maternity allowance</th>
<th>Return to training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing</td>
<td>51,215</td>
<td>797</td>
<td>236</td>
</tr>
<tr>
<td>Midwifery</td>
<td>6,253</td>
<td>122</td>
<td>45</td>
</tr>
<tr>
<td>AHP</td>
<td>17,743</td>
<td>76</td>
<td>24</td>
</tr>
<tr>
<td>Medicine</td>
<td>13,818</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>89,029</strong></td>
<td><strong>1,006</strong></td>
<td><strong>307</strong></td>
</tr>
</tbody>
</table>

12.7 There is a very high risk that two things will happen. Either women will not return to their studies following the birth of their children, or the worst case scenario is that they return too soon, affecting their health and well-being and that of their child. As students are not employed they do not have access to NHS nurseries and are therefore over-reliant on child minders. This is both costly and challenging due to the shift patterns they work.

12.8 It is also unclear what would happen to partners under the current NHS bursary system. They are able to take three weeks leave to be with their family and help during the early weeks of their new baby’s arrival. All of these great

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34 https://www.gov.uk/maternity-pay-leave/overview
measures to meet the equality needs of people will be lost if the government pursues plans to scrap the NHS bursary.

13 **Question 7**

13.1 Are there any other measures which could be considered to support our principles of fair access?

13.2 UNISON does not want to see the introduction of tuition fees and student loans. But if ministers fail to listen to our concerns and decide to remove NHS bursaries, then the government should consider phasing in the changes rather than completely abolishing them to support the principles of fair access. As suggested by Conservative MP and chair of the Commons health select committee, Dr Sarah Wollaston, ministers should consider initially retaining a bursary for mature students and existing healthcare assistants, and providing grants for those studying in specialties where there were particular shortages. Other groups of students where participation may be disproportionately affected under the new system, including disabled students, BME students, second degree students, and students from low income families, should also continue to receive the bursary.

14 **Question 8**

14.1 Do you consider that the potential options for those new part-time students, commencing courses in 2017/18, will support students in continuing to undertake these courses in this transitional period?

14.2 Since the introduction of tuition fees and students loans for undergraduate courses, the number of part-time students has rapidly declined. According to the OFFA’s monitoring report in May 2016, there were two-fifths (40%) of the number of part-time entrants in 2014-15 compared with 2009-10 levels. Part-time learners are more likely to be from a disadvantaged background, are more likely to be women, and to be mature learners – 90% of part-time students are mature.\(^{35}\) Because these types of students are more likely to be debt adverse, requiring them to pay tuition fees will deter many part-time learners to apply. This will threaten the viability of part-time courses as currently around 1% of the total nursing, midwifery and allied health professional students study part-time at pre-registration level.

15 **Question 9**

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15.1 Do you consider that moving all new part-time students onto the student support system for both tuition and living cost support, through the Student Loans Company from 2018/19, will continue to encourage part-time students to undertake these healthcare courses on a part-time basis?

15.2 There were 5,145 part-time students undertaking a nursing, midwifery or allied health professional course in 2015/16. According to London Economics, the 71% increased costs that students and graduates will bear will result in the nursing, midwifery and allied health professions being less attractive, and will in all likelihood reduce education participation by 6-7% equivalent to more than 320 part-time students in the first year. Therefore, because of the fear of debt, fewer part-time students will be encouraged to undertake these healthcare courses on a part-time basis.

16 **Question 10**

16.1 Do you have any general comments on the content of Chapter 2 which you think the government should consider?

16.2 The government has failed to consider a number of key points which we have detailed below.

17 **Workforce planning**

17.1 There is currently a shortage of registered nurses in the UK due to the government’s decision to reduce commissioning numbers. Between 2010/11 and 2012/13, the number of nursing training places fell by 12.7% from 20,092 to 17,546. In a desperate attempt to make up for the loss in supply caused by their own hands, the government is implementing these changes with the promise that it will lead to 10,000 additional training places by 2020. So far the government has not provided any evidence to support this figure despite repeated requests.

17.2 Nurse turnover rose from 7.8% in 2008-09 to 9.3% in 2014-15. There is now a noticeable spike in retirements at 55, the earliest age at which a nurse can retire on full NHS pension benefits. In England, there were 361,000 nurses working in the NHS in 2015. If this trend continues, up to 33,573 nurses could leave the NHS each year.

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17.3 There were 20,033 places available in allied health profession undergraduate degree level courses in 2015/16.\textsuperscript{39} An additional 10,000 training places would not even cover the number of nurses that have left, let alone the increasing demand. For example, in London alone, NHS trusts were carrying a total of 10,140 vacancies in July 2015.\textsuperscript{40} NHS Improvement found that NHS hospitals have estimated that an extra 15,000 nurses are required to satisfy staffing demands.\textsuperscript{41}

17.4 The Professional Qualifications Directive has enabled healthcare professionals from other European countries to come to the UK and work. Both the NHS and individuals have benefitted from this legislation. The healthcare professional from the opportunity to enhance their practice and understanding by working in another country, and we have benefited from their desire to work in the NHS and to share their knowledge. This mutual benefit has helped to shore up the UK shortfall in healthcare professionals – but this risks being lost as a result of the referendum decision. Much still remains unknown, however if the UK does leave the European Union (EU), while it will not preclude us from recruiting in the future, it will increase the cost of this process. Registrants may also choose to work in other EU countries as the process will be easier and cheaper as they will not have to undergo the same assessment process as other non-EU healthcare professionals currently do.

18 **Worse attrition rates**

18.1 It’s not only the number of applicants that may affect the future supply of nurses, midwives and allied health professionals. The attrition rate (i.e the number of people that stay on the course) could be made worse by scrapping NHS bursaries.

18.2 Almost half (48\%) of respondents to UNISON’s student hardship survey said debt had prompted them to consider leaving their course over the last year. When asked how much debt they anticipated having when they graduate, two-thirds (66\%) of respondents said they will have debt of between zero and £10,000 (table 8). If almost half of nursing, midwifery and allied health profession students are currently considering leaving their course due to relatively low levels of debt, even more will leave or consider leaving once the government’s proposal is implemented when there is a minimum of £48,788 debt.

\textsuperscript{39} http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-01-20/23380/\textsuperscript{39}


18.3 Table 8: By how much (excluding mortgage) are you in debt?

18.4

19 Patient safety at risk

19.1 The expected decline in numbers entering nursing, midwifery and the allied health professions in higher education will exacerbate the current recruitment crisis in the health and social care sector putting patient safety at risk.

19.2 Scrapping NHS bursaries will have a negative impact on the health and social care sector’s capacity to meet demand. If nursing numbers are reduced, this will result in beds being closed in hospitals. For example, Southend University Hospital NHS Foundation Trust was forced into significant bed closures after CQC inspectors raised concerns about staff ratios in January 2016.  

19.3 With fewer newly qualified nurses, the existing health professionals will be expected to work longer hours and take on more patients in order to do more with less. This could lead to an increase in the occurrence of ‘never events’ (ie serious incidents that are wholly preventable). More ‘never events’ will mean more legal claims made against the NHS for clinical negligence. It is also highly likely to lead to staff having to care for an increased number of patients.

19.4 Eight in ten (84%) respondents to UNISON’s consultation survey said they believe the government’s decision to remove the NHS bursary and replace it with a loans and tuition fees based system will impact negatively on patient care (table 9).

19.5 Table 9: Overall, how do you think the government’s proposed change to a loan and fees based system will impact on patient care?

![Bar chart showing responses to Table 9]

19.6

19.7 If there is a reduction in the number of suitable applicants applying to become a nurse, midwife or allied health professional, UNISON is concerned that universities and the NMC may come under pressure to lower course entry requirements. To do so would be detrimental to patient safety as more unsuitable people would be able to become a healthcare professional.

20 No savings to the Exchequer

20.1 Contrary to the government’s claim that scrapping NHS bursaries will save the Treasury money, there will be no cost savings to the Exchequer. This is because most nurses or midwives will not earn enough to repay the entire loan and the decline in numbers entering nursing will increase agency staffing costs.

20.2 Given the fundamentally different characteristics of both students and graduate earnings of nurses, midwives and allied health professionals, London Economics says the cost savings to the Exchequer are more likely to be approximately £88m per cohort than the £534m stated by the government. However, combining the expected decline in numbers entering nursing, midwifery and the allied health professions in higher education with increased agency staffing costs to cover staffing shortfalls, London Economics estimated that there will be an additional £100.3m cost incurred by trusts per cohort – wiping out any potential cost savings.43

21 Devolved nations

21.1 If the cost savings to the Exchequer are the £534m stated by the government, the reduction of funding in England could have serious consequences for the level of funding and, subsequently, the delivery of health services in the devolved nations under the Barnett formula. The Barnett formula\(^\text{44}\) for determining impact on devolved government spending is: the quantity of the change in planned spending in UK government departments; the extent to which the relevant UK government departments’ spending is comparable with the services carried out by each devolved administration, and each country’s population as a proportion of England.

21.2 The government published the latest basis for the Barnett formula on 25 November 2015, alongside the Autumn Statement. According to London Economics, the change in planned spending in England will be £534m. Using this figure we can make some initial predictions on the impact on budgets in devolved administrations. Assuming no other adjustments to government spending, scrapping NHS bursaries could cost the Scottish government over £52m, the Welsh government over £36m and the Northern Ireland executive almost £18m per year (table 10).

21.3 Table 10: Impact on the devolved nations’ spending following the removal of the bursary system under the Barnett formula

<table>
<thead>
<tr>
<th></th>
<th>Change in planned spending in England</th>
<th>Compatability factor</th>
<th>Proportion of English population</th>
<th>Impact on spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Ireland</td>
<td>-£534,000,000</td>
<td>0.994</td>
<td>0.0339</td>
<td>-£17,993,984</td>
</tr>
<tr>
<td>Scotland</td>
<td>-£534,000,000</td>
<td>0.994</td>
<td>0.0985</td>
<td>-£52,283,406</td>
</tr>
<tr>
<td>Wales</td>
<td>-£534,000,000</td>
<td>0.994</td>
<td>0.069</td>
<td>-£36,624,924</td>
</tr>
</tbody>
</table>

22 Question 11

22.1 We would welcome respondents’ views on how, in delivering these reforms, we look at the widest possible solutions to ensuring high quality clinical

placements. These views will actively inform further stakeholder engagement prior to the government response.

22.2 On practice placements, nursing, midwifery and allied health professional students are exposed to the same risks and work the same unsocial hours (weekends, nights and bank holidays) as registered nurses, midwives and allied health professionals. While students are meant to be supernumerary, many are now included in staffing numbers because of staff shortages.\(^{45}\) The only difference between students and the rest of the workforce is that students are not paid for the hours that they work. Under these new arrangements, students will essentially be paying for the privilege to work.

Within the AHP professions there will be significant difficulties in obtaining good quality placements for students if there is a significant increase in the numbers of places offered on courses. It is difficult enough currently for universities to obtain placements for their students due to staff offering placements already being at full capacity and having no ability to offer more. If bursaries are unavailable the mature students who already have degrees are unlikely to want to pay again to retrain and so will be lost from as potential NHS employees and those who have families are also unlikely to be able to train due to financial situation. It will also reduce the loyalty of staff to the NHS. People who have had to pay for the training will be less inclined to stick with NHS jobs where work loads are huge and people constantly under pressure and stress and will be more likely to work abroad to pay off debt incurred during training.

Allied health professional, UNISON consultation survey

22.3

22.4 While on practice placement, students will have a mentor. A mentor is a registered nurse, midwife or allied health professional who facilitates learning and supervises and assesses students in a practice setting. As 50% of the pre-registration nursing and midwifery programmes are embedded in practice settings, the role of the mentor as a teacher, supervisor and assessor has never been more important. However, because there is a lack of mentors to support students, the current system will not be able to cope with an increase of 10,000 additional training places.\(^{46}\) Over half (53%) of respondents to UNISON’s consultation survey said they disagreed or strongly disagreed that

\(^{45}\) [http://www.nursingtimes.net/break-time/editors-comment/students-should-not-be-propping-up-the-nhs/7004462.article](http://www.nursingtimes.net/break-time/editors-comment/students-should-not-be-propping-up-the-nhs/7004462.article)

there currently is capacity to mentor 10,000 more students (table 11). The consultation document is not clear on how it will increase placement and mentor numbers to support these additional training places.

22.5 Table 11: There currently is the capacity to mentor 10,000 more students

22.6

22.7 There is currently a lack mentors and certainly insufficient to meet current demand this is without the increased pressure that a further 10,000 could add to the system. This would reduce the level and quality of support that a trainee nurse, midwife or allied health professional receives. There is the added complexity of the system also supporting the new nursing associate role who will also require mentorship. Over half (53%) of respondents to UNISON’s student hardship survey said they had considered leaving their course. Over a third (35%) of these respondents said they had seriously considered or wanted to give up their course because of lack of support from their mentors (table 12). Alternatively, there is a risk that the requirements to become a mentor may be lowered to enable more registered nurses, midwives and allied health professionals to become mentors. This would have a negative effect on the quality of mentorship a student receives and may have consequences for patient safety. If mentors are expected to look after more students or mentoring standards are lowered, more students may leave the course due to a lack of support and quality.

22.8 Table 12: If you have considered leaving your course what were the main reasons?
If training places increase by 10,000 – as the government claims – there is a risk that more students will be expected to do less suitable placements or the same placements again and again because of a shortage of clinical placements. Over half (56%) of respondents to UNISON’s consultation survey said they agreed or strongly agreed that the creation of 10,000 extra training places would reduce the quality of the practice placement (table 13).

Table 13: The creation of 10,000 extra training places will reduce the quality of the placement.
22.13 Of the respondents to the UNISON student hardship survey that said they had considered leaving their course, almost half (45%) said they had seriously considered or wanted to give up their course because of a poor clinical placement experience (table 9). If there are not enough placements or the quality of placements is affected by an increase in numbers, more students may leave the course.

Nursing has changed over the years and become an academic programme as opposed to hands on experience. There are currently insufficient placements available to students, requiring them to travel further for their practical element. There are not sufficient mentors for students and there is no funding to increase the number of mentors in practice. I am currently the only mentor in my workplace and funding has been declined for others to attend the mentoring course by the trust in which I work.

*Nurse – adult, UNISON consultation survey*

22.14 The consultation document is also unclear on who will cover the cost of the clinical placement tariff under the new system. Currently, HEE pays the tariff of £5,282 to trusts and other clinical settings. However, in an attempt to make more cost savings, UNISON is concerned that the government will require students to meet the cost of placements as well. This would burden students
with even more debt and deter even more people from training to become a nurse, midwife or allied health professional.

23 Question 12

23.1 What more needs to be done to ensure small and specialist subject provision continues to be adequately provided?

23.2 The government’s proposal states that it will ensure sustainable funding for universities. However, because of the decline in student numbers and the need to finance access bursaries under the OFFA guidance, universities will be worse off financially.

23.3 London Economics found that higher education institutions (HEI) will be worse off by approximately £57-£77m per cohort. Approximately half of this decrease will be as a result of the decline in student numbers because of the 71% increased costs that students and graduates will bear. However, there will also be a reduction in HEI revenues as a result of the fact that a proportion of any tuition fee received by HEIs (approximately 15% above £6,000) will now be ‘handed back’ to students via the access agreements that HEIs sign with the OFFA.47

23.4 If fees and funding support are entirely portable, HEIs’ income streams are likely to be substantially more volatile in the future. Some universities may decide to stop running some health-related courses altogether if they are economically unsustainable. Respondents to UNISON’s consultation survey said that nursing courses with smaller cohorts (ie learning disability nurses, mental health nurses, practice nurses, district nurses, health visitors and school nurses), midwifery, podiatry, speech and language therapy, occupational therapy, physiotherapy, radiography, dietetics, psychology, orthotics and operating department practitioner courses could all be at risk if the bursary is scrapped because they are no longer financially viable for HEIs to run.

23.5 Over three-quarters (77%) of respondents to UNISON’s student hardship survey said that they would currently rate the quality of their course as very good or good. However, if universities begin to lose money, this may affect the overall quality of the courses.

23.6 Almost all (96%) nursing, midwifery and allied health professional educators that responded to UNISON’s consultation survey disagreed or strongly

disagreed with the government’s decision to remove the NHS bursary and replace it with a loans and tuition fees based system (table 14).
changes. Despite the changes not directly affecting them, current healthcare students have been at the forefront of the campaign. They understand that the changes are not only bad for future students, but bad for patient safety too.

26.2 On Saturday 9 January 2016, over 5,000 student nurses, midwives and allied health professionals joined demonstrations in London, Manchester and Newcastle to protest against the scrapping of NHS bursaries. 48

26.3 On Monday 11 January 2016, a Westminster Hall debate considered e-petition 113491 relating to the NHS bursary after it exceeded 100,000 signatures. 49 During the debate, Ben Gummer referred to the University of Central Lancashire’s model as the kind of scheme the government were looking at to improve attrition rates, despite the fact the first cohort are not due to complete until 2018. Fifteen students were recruited to the first cohort with three (20%) dropping out, and 28 students were recruited to the second cohort with two (7%) dropping out. UNISON is concerned that the government is basing policy on a funding model that has not yet been properly evaluated.

26.4 During the Westminster Hall debate, a large number of MPs, including Conservatives, expressed concerns regarding the removal of NHS bursaries. Conservative MP and former nurse, Maria Caulfield said ‘we have an extremely high turnover of student nurses. Many are leaving before they are qualified, and my concern is that, if we add to their financial pressures, the turnover will be even higher’. Conservative MP Andrew Turner said ‘in moving to a loan-based system, the government will need to find ways to attract students to a career path that includes irregular and long hours and is often physically and emotionally demanding’. Conservative MP Paul Scully said ‘nursing is a very different proposition from a normal degree in so much as placements take up 37 or 38 hours a week and beyond, which is a considerable strain on nurses’.

26.5

Nurse training, although based in higher education, is unlike other degree studies and should be treated differently. The current bursary represents a balance between limiting costs for the government or taxpayer and supporting trainee nurses training in the workplace.

Nursing, midwifery or AHP educator, UNISON consultation survey

26.6 On Monday 8 February 2016, Early Day Motion (EDM) 1081 ‘The NHS bursary’ was tabled by Labour MP Wes Streeting. The EDM called for the government


49 http://www.publications.parliament.uk/pa/cm201516/cmhansrd/cm160111/halltext/160111h0001.htm
to drop its plans to scrap NHS bursaries and instead consult on how it can best fund and support the future healthcare workforce. It received cross party support, including support from Maria Caulfield MP. The EDM became the most supported of its session with 156 signatures.\(^{50}\)

26.7 On Wednesday 4 May 2016, Labour called an opposition day debate on NHS bursaries. The opposition motion called on the government to drop its plans to remove NHS bursaries and instead to consult on how it can best fund and support the future healthcare workforce. During the debate Dr Sarah Wollaston MP suggested the government’s plan to remove bursaries should be phased in rather than completely abolished. She called on ministers to consider initially retaining a bursary for mature students and existing healthcare assistants, and providing grants for those studying in specialties where there were particular shortages.\(^{51}\) Conservative MP Andrew Murrison said ‘when we design the finances for student nurses, it is of course important that we understand the difference between a nursing degree course and a normal degree course, as it were. We must also accept that this is a graduate profession’.

26.8 The launch of the London Economics report was supported by shadow health secretary Heidi Alexander and former health ministers Norman Lamb and Dr Dan Poulter urged the government to reconsider the reforms in light of the findings.\(^{52}\)

26.9 On Tuesday 7 June 2016, a change.org petition by nursing student and UNISON member, Danielle Tiplady reached 102,177 signatures in a couple of weeks.\(^{53}\)

26.10 On Wednesday 8 June 2016, the London Assembly voted to urge the Mayor of London, the Chair of the London Assembly and the Chair of the London Assembly’s Health Committee to write jointly to the Secretary of State for Health calling on the ‘government to put an immediate halt to the proposals to end NHS bursaries.’\(^{54}\)

27 **Health Education England**

\(^{50}\) [https://www.parliament.uk/edm/2015-16/1081](https://www.parliament.uk/edm/2015-16/1081)


\(^{53}\) [https://www.change.org/p/don-t-stop-bursaries-for-nhs-students-bursaryorbust](https://www.change.org/p/don-t-stop-bursaries-for-nhs-students-bursaryorbust)

27.1 UNISON is concerned that the future of HEE could be at jeopardy with such a large part of its current role diminished. It is also difficult to see how as an organisation it can achieve either the mandate set by the Department of Health or its legislative responsibilities with regard to workforce planning. We do not know yet what the full impact will be for staff, however clearly there is growing anxiety. Whilst HEE is a relatively new organisation, its structures have already become firmly established in detailed discussion at a local level about workforce planning.

27.2 Our members work at every level of HEE with some very senior staff who are members of UNISON and our partner union MiP. In surveys we have conducted of our membership, we have not found a single person in favour of the removal of NHS bursaries.

28 Business Services Authority

28.1 Under the current NHS bursary, the scheme is administered by the Business Services Authority. Its staff have the complex process of reviewing, assessing and determining students’ applications each year to ensure that they receive the right support that they are entitled to but also hold students to account if monies have been wrongly claimed for. Its role has been invaluable in helping to understand students’ behaviour, for example HEE has needed access to its data to understand more fully student attrition. With its help and support we have developed a better understanding and can put processes in place to reduce this. HEE accepts that this would not have been possible without the BSA’s insight and support. It employs almost 150 people across three sites in Fleetwood, Bolton and Newcastle.

28.2 When the NHS bursary was reviewed in 2008 its data was critical to costing and assessing the impact of changes and in undertaking the equality impact assessment.

28.3 However the current changes proposed by the Department of Health do not just affect healthcare students. It is anticipated that unless suitable alternative employment could be found up to 150 members of staff posts at the BSA could be put at risk. The loss of this valuable resource and expertise will be difficult to replace and could affect workforce planning in the future, given its detailed knowledge and understanding of the healthcare student profile.

29 Bolton

55 http://www.nursingtimes.net/former-nursing-student-jailed-for-nhs-fraud/5014084.fullarticle
29.1 The Department of Health has cited the model which is currently being used in Bolton; indeed it has used this in its argument of demand. There is no doubt that there will be valuable lessons to learn from this trial, including the costs for the programme. In Bolton students are taught in smaller groups of approximately 15, in comparison with university settings where students can find themselves in a lecture theatre with over 100 other students. They have access to highly experienced clinical tutors, who visit them in clinical placements at least once a week, teaching and working alongside them. Two cohorts are currently running on this model, however they will not finish until January 2018, so it remains too early to draw any kind of conclusions or to herald it as a successful model. There will also need to be an analysis of the business costs to set this up, including the impact of smaller class sizes and the additional clinical support students receive over and above traditional mentorship, and whether all students go onto complete the course and become nurses.

29.2 Lancashire Teaching Hospitals Foundation Trust, where the students are training, acknowledges that under this model even if the nurse was at the top of band seven, they still would not have earned enough to pay off the debt within the 30 year threshold. As a result there remains a loss to the public purse with this model.

30 Comparisons with other countries

30.1 Across the world, various different healthcare funding models are used. UNISON urges the government to look at best practice examples from different countries such as Germany where students are remunerated, and to learn about the consequences of introducing student loans and fees from countries, such as New Zealand.

30.2 In Wales, student nurses, midwives and allied health professionals do not pay tuition fees and receive a non-means tested bursary of £1,000, a means tested bursary of up to a maximum of £3,191, depending on the students circumstances, and a reduced rate student loan – similar to the current bursary system in England.

30.3 In Scotland, student nurses, midwives and allied health professionals do not pay tuition fees and receive a non-means tested bursary of £6,578 in years one to three. If a student is undertaking a four-year honours degree course, they will receive a reduced bursary of £4,938 in their fourth year because it is shorter.

30.4 In a speech in January 2007 on the future of nursing, David Cameron as leader of the opposition said:
30.5 One way of helping address problems of supply and demand is the way that nursing training is organised in Scotland. There, nurses are guaranteed a year’s employment once they leave education. This allows them to consolidate their training and gain first-hand clinical experience. It also means that, if no appropriate jobs are available for them after the year ends, they have the skills to seek nursing work in other organisations or the voluntary sector.

30.6 In Northern Ireland, student nurses, midwives and allied health professionals do not pay tuition fees and receive a non-means tested bursary of £5,165 per academic year.

30.7 Wales, Scotland and Northern Ireland have no intention of scrapping NHS bursaries. However, the impact that the changes in England will have on funding to the devolved nations under the Barnett formula could lead them to make difficult decisions about the future funding of the health service in their countries.

30.8 In France, healthcare students training in a public hospital pay a small fee of between €200-300 a year, all other costs are covered. They are then contractually bound to work in that hospital for five years after qualifying. If they leave they have to pay back the costs. Public hospitals are given support by regional governments to cover the costs of training.

30.9 In Germany, student nurses don’t have to pay for anything, not even books. Student nurses do 2,100 hours of theoretical training in a nursing school and 2,500 hours practical training in a clinical setting (ie hospital, care home, etc). The students are contracted to the provider of the clinical placement, and this contract specifies the rights of the student, including adequate remuneration. This allows them to live independently without the help of their families or without a bursary.

30.10 In New Zealand, student nurses can get a student loan to cover compulsory fees, course-related costs and living costs, similar to the UK government’s proposals. However, the report *The Impact of Student Debt on Nurses: An Investigation*, which was jointly published by the University Students' Association and New Zealand Nursing Organisation (NZNO), found that 60% of respondents had considered going overseas because of their debt; 22% had considered leaving nursing for the same reason; 78% said their debt made it more difficult to save for the future, such as for a house deposit or retirement savings; and 72% said their loan had caused them to feel stress. When the report was published, NZNO chief executive Geoff Annals, outlining the crisis in
the nursing workforce, said New Zealand was currently around 2,000 nurses short, with a particular crisis in mental health.56

It will be a disaster for the caring professions, especially nursing. In the mental health, there are currently tens of thousands of nurses due to retire at 55 and most are not taking the option to work on. In my trust, all the nurses I speak too who can retire at 55 are, with no intention to come back to clinical practice. This is band 6, 7 and 8 Nurses, who have much experience. If the government pushes through this change there will be a momentous skill shortage, and the nurses that do come through will go to Canada, USA and other overseas employers where their knowledge and skills will be financially rewarded. All nurses I know are deeply committed to the NHS, that is why we stay, but good will can only take you so far, for so long.

Nurse – mental health, UNISON consultation survey

31 Nursing associate role

31.1 The nursing associate role is a new initiative and much currently remains unknown. Fundamentally it’s important to remember that this post is not a nurse but is intended, we believe to add to the support worker team that works within the nursing family. Assistant Practitioners are already firmly established providing specialised care to patients, for example working within acute medical admissions units. The implication for the nursing associate is that their role will be more generalised and therefore be able to care for people in a range of settings. There is a careful balance which will need to be achieved in this to ensure their knowledge base is not so diluted that they have gaps in their understanding and experience which could place them at risk.

31.2 All of the academic evidence continues to show that the higher the ratio of registered nurses to patients the lower their mortality, so this role will not be able to, nor should it be seen as, a nursing substitute. The model in the USA that has been in place for a number of years substantiates this as it has required the same level of registered nurses to be on duty. Some have welcomed the introduction of the nursing associate post, likening it to the enrolled nurse role which was decommissioned in the late 1980s. However we should also recall the discrimination faced by enrolled nurses, many of whom were black nurses denied career development, pay or progression

56 http://www.thefreelibrary.com/Student+loan+debt--‘a+social+tragedy’.-a0114700345
opportunities. Far from being the rose-coloured picture portrayed by many, it should in fact be remembered for its inequity and unfairness.

31.3 More detailed information about this role needs to be developed: their role, the standards they will work to, the academic level required, how this will be accredited and what they will be paid. However most importantly this role needs more careful thinking and must be tested through pilots. We will do nothing to widen participation into pre-registration training unless we solve the challenge of the transferability of candidates’ experience and qualifications into the Nursing and Midwifery Council or Health Care Professions Council standards.

31.4 When asked whether there is a risk of the nursing associate role being used as a substitute for registered nursing staff, 84% of respondents to UNISON’s associate nurse consultation survey said there was a significant risk.

32 Alternative funding models

32.1 In its submission to the comprehensive spending review 2015, the Council of Deans Healthcare identified 10 different funding models that could be considered by the government. Although the submission acknowledges that option 1 (student loans) would be the most likely alternative funding model, the government did not even consider any of the other funding models suggested, or think to consult on what type of funding model to use. UNISON urges the government to pause the consultation and work with trade unions and professional bodies to consider alternative ways in which healthcare education can be funded – a view supported by over nine in ten (93%) respondents to UNISON’s consultation survey (table 15).

32.2 UNISON is asking the government to consider a range of alternative funding options:

32.2.1 Employ and pay students a salary comparable with the living wage or annex U of agenda for change;

32.2.2 Increase the NHS bursary to match the minimum wage level;

32.2.3 Pay students a salary based on their clinical hours in placements (2,300 hours);

32.2.4 As students only spend 50% of their time in universities their tuition fees should be proportionate based on this figure of £4,500; or
32.2.5 Students should be advanced a loan sufficient to cover their living costs from the NHS. This would be non repayable if they work for the NHS for a minimum of three years after they graduate.

32.3 Table 15: Do you believe that the government should consider alternative methods of health and social care education funding, for example, a living bursary or salary?

32.4

32.5 While UNISON does not support removing the bursary and replacing it with tuition fees and loans, we also recognise that the current bursary system does not meet the financial needs of students. Almost two-thirds (64%) of respondents to a UNISON student hardship survey disagreed or strongly disagreed when asked if they felt able to concentrate on their studies without worrying about finances. Seven in ten (70%) respondents agreed or strongly agreed when asked if they regularly worry about having enough money to meet basic living costs such as rent, utility bills and food. Almost one in six (17%) of respondents said they had to take out a payday loan to cover the cost of living and 13% of respondents said they had to use a food bank while studying.

32.6 Table 16: Do you think that health students should be paid a salary?
32.8 One way in which a salary could be calculated is by using Annex U of Agenda for Change. Under section 3 of Annex U, a student nurse could receive 65% of the pay band maximum for the qualified rate in their first year, 70% in their second year and 75% in their third year. This reflects the level of knowledge and skills developed each year. However, under section 1 of Annex U, the arrangements only apply to trainees employed by the NHS. Therefore, students would have to be employed by NHS trusts and other NHS providers to receive these payments.

You cannot put a price on care. The old model of being paid while you train in the public sector I believe to be the best incentive to attract the correct applicant. Nursing, midwifery and AHPs are rewarding careers, and people who are committed and dedicated in undertaking training in these areas should feel valued and appreciated by the government in receiving a bursary or wage.

Nurse – Adult, UNISON consultation survey

32.9

32.10 Higher spending on health and social care cannot be seen solely as a debit or a burden. It is also a credit: higher spending would improve the population’s health, well-being and quality of life. It would also have a wider positive impact on economic activity and productivity, too. A major increase in healthcare

spending and investment will provide a major boost to the economy at a time when it is sorely needed.\textsuperscript{58}

32.11 Another alternative would be to increase the bursary to a living wage based on the number of practice placement hours the student works. For example, a student nurse outside London, doing 2,300 practice hours, would be entitled to £6,325 a year on a three-year degree course, while a student nurse in London would be entitled to £7,207. When asked whether they believed that the NHS bursary should be brought in line with the hourly rate calculated by the Living Wage Foundation, almost nine in ten (89\%) respondents to UNISON’s student hardship survey said yes (table 17).

32.12 Table 17: Do you believe that the NHS bursary should be brought in line with the Living Wage Campaign?

32.13

\begin{figure}
\centering
\includegraphics[width=\textwidth]{chart.png}
\caption{Table 17: Do you believe that the NHS bursary should be brought in line with the Living Wage Campaign?}
\end{figure}

\begin{table}
\centering
\begin{tabular}{|c|c|c|}
\hline
 & Yes & No & I don’t know \\
\hline
\hline
\end{tabular}
\caption{Table 17: Do you believe that the NHS bursary should be brought in line with the Living Wage Campaign?}
\end{table}

33 \textbf{Mitigating the effect of removing the bursary}

33.1 UNISON would also urge the government to consider ways in which it could mitigate against the worst effects of removing the bursary.

33.2 The government should amend repayment terms to take into consideration the fact that the median pay of nurses, midwives and allied health professionals is

\textsuperscript{58} “Health, education and social protection programs have among the highest fiscal multipliers. In the case of the health sector, public investment boosts the economy by more than three dollars for every dollar spent.” From "The Body Economic – Why Austerity Kills", Stuckler and Basu, Allen Lane, 2013
£7,500 below the median pay in other graduate occupations. Increasing the £21,000 repayment threshold or reducing the percentage eligible for repayment (9%) would be two ways of mitigating the negative impact of the new arrangements. Failure to do so will result in fewer people considering nursing, midwifery or allied health professions as a career.

33.3 Under the NHS bursary system, students receive their payments monthly. This steady income makes it easier for them to budget their spending. Under the new arrangements, students will receive payments quarterly. Students have told UNISON in very strong terms that if the new system was implemented, they would need to continue to receive payments monthly. As the quarterly amounts will not meet their needs or allow them to try to manage any kind of budget.

33.4 In the late 1990s and early 2000s, there was a severe nurse shortage. The pay review body responded with substantial real pay increases.\(^\text{59}\) Removing the 1% pay cap and increasing pay to levels comparable with other graduate occupations would help to encourage students to consider nursing, midwifery and allied health professions as a viable career, especially if the government replaces NHS bursaries with tuition fees and loans. However, this cannot be done at the detriment of other NHS staff.

33.5 If the government wants to increase the supply of nurses, it could do well to learn from the Australian experience where the introduction of legally enforced nurse-to-patient ratios saw 20,000 nurses come back into the profession.\(^\text{60}\) A similar approach in England could help to mitigate against the estimated drop in student numbers once the bursary is scrapped.

33.6 Other changes to the proposal could help to encourage more students to join the nursing, midwifery or allied health professions and mitigate against the estimated drop in student numbers. Almost two-thirds (63%) of respondents to UNISON’s consultation survey agreed or strongly agreed that if monthly loan repayments were covered by their employer it would encourage more students to join. Eighty one per cent agreed or strongly agreed that if there was additional childcare provision for students with dependent children, it would encourage more applicants. Eighty four per cent agreed or strongly agreed that if their travel costs were reimbursed in full, it would encourage more students into the professions, and 85% agreed or strongly agreed that offering scholarships for students from low-income backgrounds would do the same.

---


\(^{60}\) http://nurses.3cdn.net/f0da47b347e41bb03a_z1m6v1sd.pdf
However, only half (50%) of respondents agreed or strongly agreed that removing the bursary, but not requiring students to pay tuition fees, would encourage more students to join (table 18).

33.7 Table 18: Other proposals

33.8

34 Conclusion

34.1 UNISON fundamentally opposes the government’s plans, we believe at best they are risky and at worse could mean catastrophe for our future workforce supply. Patient care and public protection is fundamentally rooted in the accepted international principle of having the right people in the right place with the correct skills to deliver the required level of care. This plan will not deliver this and will be detrimental to patient safety, placing registrant’s professional reputation and image at risk.

34.2 The government has failed to provide evidence that its claims will result in additional staff or save money. The impact assessment of both equality and economics are inadequate. We have highlighted the significant impact that these plans will have on women, mothers, students with disabilities and those from a black and minority ethnic background. It will deter the majority who enter this career later in life, many of whom already have a degree. Finally there will be an impact on those with different faiths whose religion precludes them from incurring commercial debt.
34.3 Our independent report undertaken by London Economics clearly demonstrates that this move will lead to a reduction in the number of applicants, which in turn will affect the income of universities. This will place them in challenging financial times and will ultimately cost the tax payer more. Firstly the students will never earn enough to pay off their loans, and secondly that as a result of this deficit the service will rely more heavily on agency staff, which will erode any small saving which might have been made.

34.4 The results of our survey tells us that far from being a burden the bursary enables students from the widest parts of society to have a healthcare career. This coupled with tuition fees being paid acts as an incentive.

34.5 We would also remind the Department of Health that the changes that were brought in within higher education took place gradually over an 18 year period. We therefore believe it is deeply unwise for the Department to place such confidence in this as a comparable model. We would urge the government to think again, to pause this process and engage with us on finding a longer term solution which balances student support in conjunction with us having a sustainable workforce in 2020. This has become ever more important in light of the referendum decision as our ability in the future to rely on European and international recruitment will become ever more complex.

35 Appendices

35.1 London Economics’ report – Appendix A

35.2 London Economics’ supplemental report – Appendix B
The Impact of the 2015 Comprehensive Spending Review on Higher Education Fees and Funding Arrangements in Subjects Allied to Medicine
About London Economics

London Economics is one of Europe’s leading specialist economics and policy consultancies. Based in London, with offices and associate offices in five other European capitals, we advise an international client base throughout Europe and beyond on economic and financial analysis, litigation support, policy development and evaluation, business strategy, and regulatory and competition policy.

Our consultants are highly-qualified economists who apply a wide range of analytical tools to tackle complex problems across the business and policy spheres. Our approach combines the use of economic theory and sophisticated quantitative methods, including the latest insights from behavioural economics, with practical know-how ranging from commonly used market research tools to advanced experimental methods at the frontier of applied social science.

We are committed to providing customer service to world-class standards and take pride in our clients’ success. For more information, please visit www.londoneconomics.co.uk.

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Foreword

Whenever a government seeks to reform the NHS in pursuit of cost savings, their proposals must be subject to the closest scrutiny. Following the Chancellor of the Exchequer’s announcement in the spending review statement in November of last year that the Government intended to scrap NHS bursaries in 2017, UNISON and the National Union of Students (NUS) expressed grave concerns about the devastating impact the changes would have on graduate numbers, widening participation and patient safety.

We were still more concerned by the absence of any rigorous analysis of the proposals, either at the time they were announced or even when the subsequent consultation on implementation was published in April. For that reason, UNISON and NUS jointly commissioned London Economics to undertake an independent economic analysis of the Government’s proposed changes. The analysis aims to determine whether replacing bursaries with income contingent loans would do what the Government claimed: create additional training places, save the Government money, and increase funding for universities. Worryingly, the analysis confirmed our worst fears.

Firstly, the increased cost to students will deter people from becoming a nurse, midwife or allied health professional. Far from creating 10,000 additional training places as claimed by the Government, the changes will reduce current participation levels by 6-7% (or almost 2,000 students). Fewer nurses qualifying in 2020 will have disastrous consequences for patient safety and exacerbate the current recruitment crisis in the health and social care sector.

Secondly, because of the reduction in student numbers and the need to finance access bursaries under the Office for Fair Access guidance, universities will be worse off by approximately £57-£77 million per cohort. Instead of creating a sustainable funding system for universities as promised by the Government, the changes will mean greater volatility and uncertainty for universities’ future funding. Some universities may decide to stop running some health related courses altogether if they are unsustainable.

Finally, because most loans will never be repaid in full, the cost savings to the Treasury may be just £88 million per cohort (85% lower than the Government estimates). With the decline in the number of students, dependency on Agency and overseas staff will increase. This increased Agency cost to cover staffing shortfalls may cost Trusts at least £100 million per cohort, wiping out any potential cost savings.

In light of the report’s findings, it’s clear that scrapping NHS bursaries is bad for students, bad for universities and bad for patients. UNISON and NUS urge the Government to drop its plans to remove NHS bursaries immediately and instead consult from first principles with students, patients, and the health and higher education sectors on how it can best fund and support the future healthcare workforce.

Christina McAnea
UNISON Head of Health

Megan Dunn
National President, NUS
Executive Summary

What were the changes proposed by the government in the 2015 CSR?
The 2015 Comprehensive Spending Review (CSR) (HM Treasury (2015)) contained a number of significant policy proposals in the education and skills arena, although potentially none as important as those relating to the higher education fees and funding arrangements for nursing, midwifery, and allied health subjects. Our understanding of these fundamental changes are as follows:

- Students undertaking nursing, midwifery and allied health degrees from September 2017 will be moved on to the standard student support system. Essentially, all non-repayable mainstream NHS Bursaries and additional allowances will be replaced with income-contingent loans.
- Furthermore, higher education places will no longer be funded via the Health Education England commissioning process and will move to a variable fee-based tuition fee system backed by income-contingent loans.

What will be the impact of the proposed changes in the 2015 CSR?
As a result of these policy changes,

- Healthcare students/graduates will be substantially worse off. The 71% increased cost that students and graduates will bear will result in the Allied Health Professions being less attractive, and will in all likelihood reduce higher education participation by 6-7% - equivalent to almost 2,000 students in the first year.
- Higher Education Institutions will also be worse off by approximately £57-£77 million per student intake. Higher Education Institutions will be hit by the reduction in student numbers, but also by the reduction in the unit of resource associated with these students as a result of bursaries and other access measures that will need to be financed. Furthermore, if fees and funding support is entirely portable, Higher Education Institutions’ income streams are likely to be more volatile in future.
- At first glance, following the removal of grants and allowances, as well as making students/graduates bear a significant proportion of the tuition fee cost, the Exchequer will be approximately £534 million per cohort better off. However, this is based on the assumption that students in Allied Health Professions will earn comparable post-graduation earnings as other graduates.
- If the analysis is replicated – and we assume that the earnings of graduates in Allied Health Professions are comparable to fully qualified nurses, midwives and health professionals, then the cost savings achieved by the Exchequer declines by anywhere between 50% and 85% (to approximately £88 million).
- Given the acute shortages across the NHS workforce, any decline in the level of education commissioning and student numbers is likely to lead to a significant increase in staff shortages in the medium term – with a potential impact on both patient safety, as well as a greater dependency on Agency and overseas staff. The increased cost associated with this could wipe out almost entirely any potential savings.

2 Note that the move to loans will mean access to additional financial support for health students during their studies in absolute terms [2015 CSR (Paragraphs 1.100, 2.46 and 3.122)]
3 Note that the analysis presented here only considers students studying Allied Health professions domiciled in England. There may be additional consequences for Devolved Administrations or for students resident in other Home Nations studying in England that are not considered here.
Executive Summary

How specifically will students be affected?
In relation to students, the modelling suggests that:

- Over a three year full-time undergraduate degree, the average non-repayable maintenance grant and allowances received by students as part of the NHS Bursary in Allied Health Professions will decline from £7,857 to zero.
- Following the removal of the NHS bursary and its replacement with repayable loans, a student undertaking a full-time degree in nursing professions will see their total debt (comprising maintenance and tuition fee loans) increase from approximately £6,930 to approximately £48,788 on graduation.
- Compared to being net recipients of funding equivalent to £11,568 per student/graduate under the current (pre-2015 CSR) funding arrangements, students/graduates in nursing professions will now be net contributors under the proposed arrangements (by £3,626). This means that under the proposals set out in the 2015 CSR, students/graduates undertaking three year undergraduate degree courses in nursing professions will contribute approximately £15,193 more in today’s money terms than was previously the case.
- Taking into account the total direct and indirect costs associated with undertaking a three year full-time degree, the percentage increase in the total cost of undertaking a degree in the nursing professions is estimated to be 71%. Using external evidence on the relationship between the demand for higher education and price suggests that there will be a 6.2% decline in demand. This corresponds to a decline of approximately 1,946 students out of a baseline total of 31,325.

How will Higher Education Institutions be affected?
In relation to Higher Education Institutions:

- The total resources that will be received by Higher Education Institutions will decline by approximately £57 - £77 million per student intake4.
- Approximately half this decline will be as a result of the fall in student numbers (following the 71% increase in effective costs passed onto students). However, there will also be a reduction in Higher Education Institutions’ revenues as a result of the fact that a proportion of any tuition fee received by Higher Education Institutions (approximately 15% above £6,000) will now be ‘handed back’ to students via the access agreements that Higher Education Institutions sign with the Office for Fair Access5.
- In addition to the decline in funding, there may be additional consequences for Higher Education Institutions. In particular, Health Education England (HEE) currently plays an important role in balancing the demand for higher education in Allied Health Professions with the current supply of Higher Education Institution places (both by institution and by subject discipline). With the removal of this balancing-role from HEE, and the fact that the entire resources of the fees and funding system will be fully portable by the student body, means that there could be significantly greater volatility and uncertainty associated with Higher Education Institution future funding flows.

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4 The analysis takes no account of the potential additional costs that might be incurred by HEIs or Trusts in relation to recruitment or retention (i.e. “golden ‘hellos’” or possible loan forgiveness during employment)

5 Note that we have assumed that Higher Education Institutions will contribute approximately 15% of the fee income in excess of £6,000 to student bursaries and various other forms of support. In reality, HEIs also contribute a further 10% of tuition fee income in excess of £6,000 to fund widening participation and retention activities (Office for Fair Access [here] [Accessed 23-03-2016]). This corresponds to £300 per student per annum, and totals £20 million in aggregate for a cohort of students

London Economics

HE fees and funding arrangements in subjects allied to medicine

iv
Executive Summary

How will the Exchequer be affected?

From the Exchequer’s perspective:

- Following the 2015 CSR proposals, and the huge shift in funding from NHS bursaries to loans, the reduction in total Exchequer contribution per student/graduate was estimated to be £14,226 per student/graduate (a 35% decline from £40,272 to £26,046). The Exchequer will now contribute approximately £18,648 to students/graduates in the form of interest rate subsidies and expected write offs and £7,398 (assuming that there is no change) in relation to salary support or the Clinical Placement Tariff.

- Looking in greater detail at Exchequer resource flows, the headline analysis suggest that, overall, the Exchequer saves approximately £534 million per cohort for the proposed changes contained in the 2015 CSR.

- Specifically, the Exchequer will save approximately £234 million as a result of no longer funding non-repayable NHS bursaries, and a further £687 million in funding allocated through Health Education England. However, against this, the cost of the interest rate subsidy and loan write-off associated with full-time student tuition fees stands at £227 million, while the costs associated with means tested maintenance loans is estimated to be £210 million.

- In aggregate, the analysis suggests that the Exchequer ‘saves’ approximately £415 million per cohort in relation to full-time students and £119 million in relation to part-time students.

Over-estimating the cost savings to the Exchequer?

- The RAB charge, which represents the proportion of the tuition fee and maintenance loan never expected to be repaid, is currently estimated by the Department for Business, Innovation and Skills to be 25% across all full-time undergraduates. In our headline analysis, we have assumed that the earnings achieved by students in the Allied Health Professions are representative of the graduate cohort as a whole. However, given the gender and age profile of students in the Allied Health Professions, the estimate of the RAB charge specific to the Allied Health Profession student stands at 43.5%.

- Furthermore, given the actual earnings profiles of graduates undertaking degrees in the Allied Health Professions, rather than being ‘average’ earners, these newly qualified graduates are more likely to be situated on the 3rd decile or 4th decile of earnings (with an associated RAB charge of 85.9% or 68.0%, respectively).

- In other words, given the fundamentally different characteristics of both students and graduate earnings in the Allied Health Professions, the potential ‘savings’ accrued by the Exchequer under these proposals might be significantly lower than the headline estimates. Before considering the potential increased service delivery costs, if we assume that graduate earnings are on the 3rd earnings decile, the actual headline cost savings are 85% lower than the headline estimates, standing at just £88 million per cohort.

Wider consequences

- In addition to achieving relatively limited direct savings, if there is a decline in the number of students in Allied Health Professions participating in higher education, this means that in the medium term, there will be insufficient entrants to the NHS (and independent, private and social care sectors) to compensate for those members of the workforce that leave the

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6 The Migration Advisory Committee (MAC) report (here) suggests that the median pay for nurses is £31,500 (£7,500 below the median pay in other graduate occupations). This is comparable to the figures presented in this report. Specifically, we estimate the median real earnings for individuals aged 30-59 to be £37,000 using data from the Labour Force Survey (weighted by gender composition). Average real earnings at the 3rd and 4th decile were estimated to be £26,500 and £31,700, respectively.
Executive Summary

profession every year. This will exacerbate the already acute staff shortages that currently exist\(^7\).

- Combining the expected decline in numbers entering Allied Health Professions in Higher Education with increased Agency staffing costs to cover staffing shortfalls, we estimate that there will be an additional £100.3 million cost incurred by Trusts per cohort. This implies that depending on the assumptions made in relation to post graduation earnings in Allied Health Professions (and the estimate of the RAB charge), the entire ‘savings’ that might be achieved through reduced commissioning costs might be eliminated almost completely.

\(^7\) The proportion of nurses leaving the profession increased from 6.8% in 2009-10 to 9.2% in 2014-15 (compared to 7.9% and 9.0% across all staff (including clinical staff) [NAO (2016) Managing the Supply of NHS Clinical Staff], while the same report suggests that in 2014, there was a 7.2% shortfall in the nursing workforce (equating to almost 28,000 individuals). Moreover, nursing has been placed on the Shortage Occupation List (SOL) by the Migration Advisory Committee [MAC (2016), Partial review of the Shortage Occupation List: Review of nursing]
1 What changes is the government making to healthcare student bursaries?

The 2015 Comprehensive Spending Review (HM Treasury (2015))³ contained a number of significant policy proposals in the education and skills arena, although potentially none as important as the proposals relating to the higher education fees and funding arrangements for nursing, midwifery, and allied health subjects. Although there were relatively limited details of the proposed changes to the future arrangements relating to the funding of nursing, midwifery and allied health subjects, our understanding of the changes – which were broadly confirmed on publication of the consultation documents in April 2016⁹ - are as follows:

- **Students undertaking nursing, midwifery and allied health degrees from September 2017 will be moved on to the standard student support system.** Essentially, all non-repayable mainstream NHS bursaries and additional allowances will be replaced with income-contingent loans¹⁰ ¹¹.
- **Students undertaking nursing, midwifery and allied health subjects from September 2017 will also be subject to the full tuition fee.** As with the wider population of undergraduate students, those studying health-related degrees will have access to income-contingent loans to cover the full tuition fee; and
- **The cap on the number of student places for nursing, midwifery and allied health subjects will be relaxed¹².**

### 1.1 What exactly does this mean in practice?

There are several changes to higher education fees and funding arrangements that need to be split to allow for further analysis. In summary, these are as follows:

- **The first relates to the fact that students undertaking nursing, midwifery and allied health degrees from September 2017 will be moved on to the standard student support system.** Essentially, all non-repayable mainstream NHS bursaries and additional allowances (i.e. *Extra Weeks Allowances*) will be replaced with income-contingent loans¹³ ¹⁴.
- **Secondly, students undertaking training in Allied Health Professions commissioned through Health Education England currently pay no tuition fees.** From 2017-18, these students of nursing, midwifery and Allied Health Professions will be required to pay a non-means tested tuition fee – of up to £9,000 per annum (and potentially more with the introduction of the Teaching Excellence Framework²⁵) – backed by income contingent tuition fee loans administered through the Student Loans Company.

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¹⁰ Note that the move to loans will mean access to additional financial support for health students during their studies in absolute terms. (2015 CSR (Paragraphs 1.100, 2.46 and 3.122))

¹¹ Income contingent loans (ICR) are repayable at 9% of income in excess of £21,000 and are subject to a variable real interest rate depending on earnings (between 0% and 3%) Loans are written off after 30 years following the Statutory Repayment Due Date (SRDD).

¹² As part of the 2015 Comprehensive Spending Review, a comparable policy was announced for all students irrespective of the subject of study, from 2016-17.

¹³ Note that the move to loans means that there is a cap on student nurses and over half of all applicants to nursing courses are turned away. This reform will enable universities to provide up to 10,000 additional nursing and other health professional training places this Parliament. This will ensure that there are enough nurses for the NHS while cutting the current reliance on expensive agency staff.

¹⁴ As part of the 2015 Comprehensive Spending Review, a comparable policy was announced for all students irrespective of the subject of study, from 2016-17.


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London Economics

HE fees and funding arrangements in subjects allied to medicine
2 | Who will be the biggest losers?

Demonstrating the impact of the 2015 CSR in relation to a representative full-time undergraduate student undertaking a three-year degree in nursing, the information in Table 1 illustrates the average level student support that might be currently available and following the 2015 Comprehensive Spending Review.

Table 1  Comparison of student finance arrangements in a nursing degree following 2015 CSR

<table>
<thead>
<tr>
<th></th>
<th>Three year nursing and midwifery degree</th>
<th>2015-16</th>
<th>2017-18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full time students</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of students</td>
<td>26,180</td>
<td>24,554</td>
<td>(1,626)</td>
<td></td>
</tr>
<tr>
<td>Average non-means tested maintenance Grant LAH</td>
<td>£1,000</td>
<td>£0</td>
<td>(£1,000)</td>
<td></td>
</tr>
<tr>
<td>Average Means-tested maintenance Grant LAH</td>
<td>£1,446*</td>
<td>£0</td>
<td>(£1,446)</td>
<td></td>
</tr>
<tr>
<td>Average Means-tested maintenance Grant LAFHOL</td>
<td>£1,940*</td>
<td>£0</td>
<td>(£1,940)</td>
<td></td>
</tr>
<tr>
<td>Average Means-tested maintenance Grant LAFHIL</td>
<td>£2,525*</td>
<td>£0</td>
<td>(£2,525)</td>
<td></td>
</tr>
<tr>
<td><strong>Average Means-tested maintenance Grant</strong></td>
<td><strong>£1,899</strong></td>
<td><strong>£0</strong></td>
<td><strong>(£1,899)</strong></td>
<td></td>
</tr>
<tr>
<td>Average Access Bursary</td>
<td>£0</td>
<td>£450</td>
<td>£450</td>
<td></td>
</tr>
<tr>
<td>Average Means-tested maintenance Loan LAH</td>
<td>£1,744</td>
<td>£5,790*</td>
<td>£4,046</td>
<td></td>
</tr>
<tr>
<td>Average Means-tested maintenance Loan LAFHOL</td>
<td>£2,324</td>
<td>£7,288*</td>
<td>£4,964</td>
<td></td>
</tr>
<tr>
<td>Average Means-tested maintenance Loan LAFHIL</td>
<td>£3,263</td>
<td>£9,804*</td>
<td>£6,541</td>
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<tr>
<td><strong>Average Means-tested maintenance Loan</strong></td>
<td><strong>£2,310</strong></td>
<td><strong>£7,263</strong>*</td>
<td><strong>£4,953</strong></td>
<td></td>
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<tr>
<td>Average Benchmark Price</td>
<td>£8,628</td>
<td>£0</td>
<td>(£8,628)</td>
<td></td>
</tr>
<tr>
<td>Average Tuition Fee</td>
<td>£0</td>
<td>£9,000</td>
<td>£9,000</td>
<td></td>
</tr>
<tr>
<td>Average Tuition Fee Loan</td>
<td>£0</td>
<td>£8,550</td>
<td>£8,550</td>
<td></td>
</tr>
<tr>
<td>Average Salary Support</td>
<td>£781</td>
<td>£781</td>
<td>£0</td>
<td></td>
</tr>
</tbody>
</table>

| **Part time students**       |                                         |         |         |        |
| Number of students           | 5,145                                   | 4,825   | (320)   |        |
| Average Non-Means Tested Maintenance Grant | £500                                    | £0      | (£500)  |        |
| Average Means-tested Maintenance Grant | £1,197                                  | £0      | (£1,197) |        |
| Average Benchmark Price      | £4,314                                  | £0      | (£4,314) |        |
| Average Tuition Fee          | £0                                      | £4,500  | £4,500  |        |
| Average means-tested maintenance Loan | £1,455                                  | £0      | (£1,455) |        |

Note: MT – Means-tested; NMT – Non-means tested; LAH - Living at Home; LAFHOL - Living away from home outside of London; LAFHIL - Living away from home inside London. * Including Extra Weeks’ Allowance where academic year is assumed to be 42 weeks in length. Note that all estimates incorporate expected non-completion. Source: London Economics’ analysis

Non-repayable Grants

Using information on the distribution of students by region of study, whether living at home and eligibility criteria (and assuming a 42 week average course length), the analysis suggests that over a three-year degree, the average maintenance grant received as part of the NHS bursary will decline from £8,697 (made up of £1,000 annual non-means tested maintenance grant and £1,899 average annual means-tested maintenance grant and Additional Weeks’ Allowance) to zero.

Repayable Loans

In relation to maintenance loans, again using the current distribution of undergraduates living at home, away from home inside and outside of London, the average maintenance loan currently stands at £6,930 over the course of a three year nursing degree. Following the 2015 CSR, this is expected to increase to £21,789 (£7,263 per annum). Included within this new maintenance loan
estimate are the additional Long Course Loans that are now payable as loans instead of the current system where the Extra Weeks Allowance was paid in the form of a means-tested grant\(^\text{16}\).

**Tuition fee loans**

In relation to tuition fees and tuition fee loans, we have assumed that all Higher Education Institutions may charge the full £9,000 currently possible (although the cap may rise by inflation for some institutions following the introduction of the Teaching Excellence Framework). However, Higher Education Institutions will have to contribute a given proportion of the tuition fee in excess of £6,000 to adhere to any access agreement that is in place with the Office for Fair Access. Currently, this stands at approximately 15%, which implies that Higher Education Institutions will receive a net tuition fee of £8,550 per annum\(^\text{17}\), while the government will provide comparable tuition fee loans to the value of £8,550 per annum in total\(^\text{18}\).

Finally, there are further costs incurred by Health Education England relating to the commissioning of training places. Although we have assumed that HEE will continue to incur these costs going forward (i.e. no change over time), it is important to include them given the monetary significance. However, for some of these costs, there is significant variation depending on the specific profession under consideration. As such, we have presented the example of Adult Nursing. Presented again in Table 1, the analysis indicates that the costs associated with the Clinical Placement Tariff over the three years stand at approximately £5,848 (estimated to be between approximately £1,750 and £2,150 on average per annum\(^\text{19}\)), while the average cost associated with Salary Support stands at £781 per annum (£2,343 in total over the three years\(^\text{20}\)). In total, the representative student undertaking a three year full-time degree in nursing or midwifery will see their maintenance and fee loans increase from £6,930 to approximately £48,788\(^\text{21}\).

**The RAB Charge – who pays for maintenance and tuition fee loans?**

To understand the balance of contributions between the individual and the Exchequer, it is necessary to estimate the Resource Accounting and Budgeting (RAB) charge. Specifically, the size of the public purse maintenance and fee loan subsidy is measured by the RAB charge, which calculates the proportion of the nominal loan value that would not be expected to be repaid (in present value terms). Under the current student support regime, non-repayment occurs as a result of debt forgiveness after 30 years, or in the case of permanent disability or death. Based on graduate earnings profiles (from the Labour Force Surveys) and the administrative information relating to the criteria for repayment of loans, estimates of the RAB charge prior to the 2015 CSR stood at approximately 45% for full-time undergraduate students\(^\text{22}\). This implies that for every £1,000 in loans that are provided by the government, approximately £550 would be expected to be repaid (in present value terms) with the remaining £450 being ‘lost’ to the public purse as a result of write-offs.

The RAB charge is influenced by a number of factors. For instance, increasing the volume of loans made available increases the RAB charge simply because it is less likely that an individual will achieve the necessary earnings to make the repayments associated with the increased loan value. Other

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\(^{16}\) We have assumed that there is no change to the range of other allowances that are currently available to students in the Allied Health Professions. This is not strictly correct in the sense that some grants for particular students will either be reduced or removed entirely (for instance the Dependents Allowance for children) [See Table 6 of Department for Health Impact Assessment “Reforms to funding and financial support for nursing, midwifery and AHP Bursary students”].

\(^{17}\) Note as per footnote 5 the impact of access agreements with the Office for Fair Access is likely to have a greater reduction on the available unit of resource retained by Higher Education Institutions (by approximately £300 per student per annum of £20 million in total).

\(^{18}\) Note that on average, although the tuition fee loan available to students is modelled to be £8,550 per annum, in reality, once in course attrition is taken into account, the average tuition fee loan per successful full-time completer is closer to £23,171.

\(^{19}\) See a discussion of Clinical Placement Tariffs [here] (Accessed 23-03-2016)

\(^{20}\) Based on the analysis of data from the Health Education England Salary Support Portal for Adult Nursing.

\(^{21}\) Excluding interest charged during qualification attainment.

\(^{22}\) Hansard (2014), Daily Written Answers, 20\(^{\text{th}}\) March 2014 [here]
2 | Who will be the biggest losers?

Factors that affect the RAB charge include expected wider economic factors affecting **graduate earnings** (and the composition of the graduate population), or the characteristics of the loan system (for instance, the **interest rates** charged (0%-3% depending on earnings); the **repayment period** (30 years); the **threshold for repayment** (£21,000); or the **repayment rate** (9%).

Furthermore, the **discount rate**, by which we value future streams of graduate repayments in today’s money terms, is of crucial importance. Specifically, the announcement alongside the 2015 CSR to freeze the repayment threshold for 5 years\(^\text{23}\), as well as reduce the discount rate from 2.2% to RPI +0.7% had the effect of reducing the estimated RAB charge from 45% to 25\(^\text{24,25}\).

The key point in relation to the RAB charge is that this measure allows for the assessment of the relative proportion of any loans actually paid for by HM Treasury compared to graduates. The higher the RAB charge, the higher the proportion of the loans that will never be repaid – and essentially paid for by the Exchequer. This means that although grants might be replaced by loans, the proportion that is ultimately paid for by the graduate in receipt of the loan whilst a student might be relatively small, which in turn means that there may be relatively limited savings associated with the policy change.

**Current resource flows at the individual level**

In Figure 1, we illustrate the contributions of different key stakeholders: HM Treasury; Students/graduates; Higher Education Institutions; and Trusts.

**Figure 1**  **Current Higher Education fees and funding flows in nursing professions**

<table>
<thead>
<tr>
<th>Total Contribution</th>
<th>Total Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>£23,422</td>
<td>£40,272</td>
</tr>
<tr>
<td>£23,422</td>
<td>HEE /HEFCE Funding</td>
</tr>
<tr>
<td>£2,117</td>
<td>Maintenance Loans</td>
</tr>
<tr>
<td>£1,594</td>
<td>Maintenance Grants</td>
</tr>
<tr>
<td>£7,857</td>
<td>Tuition Fee</td>
</tr>
<tr>
<td>£0</td>
<td>Clinical Placement tariff</td>
</tr>
<tr>
<td>-£11,568</td>
<td>-£5,282</td>
</tr>
<tr>
<td>-£11,568</td>
<td>Students/graduates</td>
</tr>
<tr>
<td>-£5,282</td>
<td>Trusts</td>
</tr>
<tr>
<td>£5,282</td>
<td></td>
</tr>
<tr>
<td>£0</td>
<td></td>
</tr>
</tbody>
</table>

**London Economics’ analysis**

Although there will clearly be some degree of simplification; under the **current fees and funding regime** (i.e. pre 2015 CSR proposals), the analysis indicates that for the representative student


\(^{24}\) The impact of the change in the discount rate and freeze in the repayment threshold was provided by the Minister of State (Universities and Skills) on 1\(^{\text{st}}\) February 2016 [here](#).

\(^{25}\) Note that the analysis has been undertaken using the 0.7% discount rates on resource flows.
nurse\textsuperscript{26}, HM Treasury’s total contribution stands at approximately £40,272 per student/graduate. This aggregate estimate consists of £23,422 received by HEIs, but also £5,282 received by Trusts in the form of Clinical Placement Tariffs, as well as £11,568 provided to students/graduates in student support. Of this £11,568, approximately £7,857 is provided to students in the form of non-means-tested maintenance grants; means-tested maintenance grants; and means-tested \textit{Extra Weeks Allowance}. In addition, £1,594 represents the interest rate subsidy and write-off associated with non-means tested maintenance loans; and £2,117 relates to salary support.

**Resource flows at the individual level under the proposed amendments**

In Figure 2, we provide the resource flows between the key stakeholders under the fees and funding arrangements proposed in the 2015 CSR. We have also modelled the entire flow of resources between the key stakeholders and made our own estimate of the RAB charge (43.5\%).

**Figure 2** Proposed Higher Education fees and funding flows in nursing professions

![Figure 2](image)

**Exchequer**

On the Exchequer side, following the huge shift from grants to loans, the \textit{reduction} in total Exchequer contribution stands at £14,226 per student/graduate (i.e. a 35.3\% decline from £40,272 to £26,046). Specifically, using information from the Labour Force Survey, following these proposed changes, the estimate of the RAB charge is expected to increase from 25.5\% to approximately 43.5\%\textsuperscript{27} (meaning that for every £1,000 in loans issued by the Student Loans Company, an \textit{additional} £200 will be written off). In more detail, rather than applying to a loan balance of approximately

\textsuperscript{26}This estimate incorporates an expected rate of non-completion. As such, although we assume that the maximum fee charged by Higher Education Institutions stands at £9,000 per annum, as a result of the incidence of course attrition, the average funding allocated by Health Education England approximately £24,432 over the three year full-time undergraduate degree (i.e. £613 million on total cost divided by 26,180 FT starters).

\textsuperscript{27}Note that this estimate of the RAB charge is based on the average earnings of the entire cohort of graduates (i.e. all graduates irrespective of the degree level qualification undertaken) – and would therefore underestimate the expected RAB charge that might be associated with the nursing, midwifery and other Allied Health Professions

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\textit{London Economics}

HE fees and funding arrangements in subjects allied to medicine
£6,930, the higher RAB charge will apply to loans approaching £47,500 on average. In relation to tuition fee costs, the Exchequer will contribute approximately £10,083 in the form of interest rate subsidies and expected loan write-offs (with student/graduates contributing the remaining £14,307 of the tuition fee). Furthermore, the Exchequer will contribute approximately £8,565 in maintenance loan write-offs to student/graduates. We have assumed that there is no change in relation to salary support or the Clinical Placement Tariff (£2,117 and £5,282 respectively)\(^2\).

**Higher Education Institutions**

Following the proposed amendments to fees and funding, the analysis suggests that there will be a reduction in the total Exchequer contribution to £23,171 per student (see Figure 2)\(^2\). Unless there are significant levels of compensating income from other sources (such as enhanced funding through Higher Education Funding Council of England (HEFCE)), Higher Education Institutions will be immediately worse off than under the current funding system. Specifically, as a result of the need to charge £9,000 per annum in fees, HEIs will be subject to access agreements through the Office for Fair Access, and will therefore be required to contribute a proportion of any fee in excess of the ‘basic fee’ (currently standing at approximately 15% in excess of £6,000). This means that HEIs will receive approximately £23,171 in fee income – corresponding to a 1% decline per student.\(^3\) However, depending on the level of widening participation activities undertaken, this reduction in income might be significantly greater.

This fundamental shift in the approach to allocating resources will make the future supply of higher education training fundamentally more volatile as HEIs are exposed to greater competitive pressures. As detailed in the following section, the huge increase in the cost of higher education will result in a reduction in the demand for higher education in Allied Health Professions – thereby also reducing the volume, as well as the unit of resource, achieved by Higher Education Institutions.

**Students**

Although Higher Education Institutions are worse off – both as result of the reduction in the number of students expected to participate in higher education, but also because of the loss in unit funding (as a result of bursaries and other access measures), the group most adversely affected are those students/graduates that have not been deterred from entering higher education.

As previously indicated, compared to being net recipients of funding equivalent to £11,568 per student/graduate under the current (pre-2015 CSR) funding arrangements, students/graduates are now net contributors under the proposed arrangements (by £3,626). This means that under the proposals set out in the 2015 CSR, students/graduates undertaking three-year undergraduate degree course in nursing professions will contribute approximately £15,193 more in today’s money terms than was previously the case.

In more detail, students/graduates now contribute £14,307 in tuition fees (minus approximately £1,220 in access bursaries) compared to zero currently. Furthermore, students will no longer receive maintenance grants (instead of £7,857 under current fees and funding arrangements). However, students will receive loan interest rate and write off subsidies of £8,565 on average compared to

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\(^2\) Note that in the Department for Health “Reforms to funding and financial support for nursing, midwifery and AHP Bursary students” Impact Assessment, there is an additional £80 million per annum HEFCE Teaching grant incurred by the Exchequer, however, there is no information on how this might be allocated going forward. This item has not been included in this analysis but would increase the estimated costs incurred by the Exchequer presented in later sections.

\(^3\) Note that as a result of the increase in the ‘price’ of higher education, the modelling approach incorporates a reduction in the demand for higher education. In particular, from wider academic research we have estimated the elasticity of demand to equal -0.087 suggesting that following a 100% increase in the price of higher education, the quantity demanded will decline by 8.7%.

\(^5\) Note again that this estimate assumes that there is some degree of non-completion (which is the same as under the baseline scenario)

\(^6\) Note as per footnote 5 the impact of access agreements with the office for Fair Access is likely to have a greater reduction on the available unit of resource retained by Higher Education Institutions (by approximately £300 per student per annum of £20 million in total)
£1,594 previously. All this implies students/graduates are approximately £15,193 worse off under the proposed changes.

How does this translate into a percentage change in price?
To understand what this change in contribution means in percentage terms, it is necessary to understand the total costs associated with higher education participation, in particular, the opportunity costs associated with foregoing three years in the labour market to undertake full-time study. Information from Higher Education Statistics Agency (HESA) suggests that the average age of a full-time undergraduate student in Allied Health Professions stands at approximately 27. Using information from the Labour Force Survey between 2014(Q1) and 2015(Q3) suggests that the total income forgone by a representative female undertaking a three year full-time undergraduate degree stands at £32,840. This implies that the total direct and indirect costs associated with undertaking the three year full time degree increased from £21,272 - (i.e. £32,840 - £11,568) to £36,466 – (i.e. £32,840 + £3,626), equivalent to an increase of 71%.

Price elasticity of demand
Despite the fact that the 2015 CSR announced an additional 10,000 higher education places in Allied Health Professions, this ‘supply side’ policy is essentially of limited practical importance if there is insufficient demand to meet the increased number of places. This is particularly important given the fact that there is some evidence suggesting that Local Education and Training Boards (LETBs) are having significant difficulties in recruiting enough students to fill the current number of training places (National Audit Office (2016)), as well as the fact that a significant proportion of starters either suffer from in-course attrition and drop-out, or don’t go into the profession upon completion.

The price elasticity of demand is the percentage change in quantity demanded following a given percentage change in demand. Although it is fundamentally difficult to assess the elasticity of demand, the various changes in higher education fees, grants and loans since 1996 have allowed the assessment of the different effects associated with the alternative options. In particular, the Institute for Fiscal Studies (2010) estimated that a £1,000 increase in fees has a negative impact on participation of around 4.4 percentage points, while a comparable increase in loans would partially negate this effect (3.2 percentage points), thus, “increasing fees without increasing loans and/or grants by the same value or more, will result in a negative impact on participation”.

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32 In 2013/14, approximately 41% of full-time undergraduate students in subjects allied to medicine were 20 or below; 26% were aged between 21 and 24; 13% were aged between 25 and 29; while the remaining 20% were aged in excess of 30. Assuming that those in excess of 30 were actually aged 40, implies that the average age of full-time undergraduates is approximately 27.
33 To estimate the opportunity cost associated with undertaking a three year qualification in nursing, we have identified the median earnings achieved by women in possession of a Level 3 academic or vocational qualification as their highest qualification. This stands at £14,615 (where annual earnings on the 25th percentile was estimated to be £9,034 per annum and earnings on the 75th percentile stand at £19,165 per annum). The employment rate stands at 0.749. Therefore adjusting annual earnings by the probability of being employed results in an annual opportunity cost of approximately £10,946 or £32,840 over the course of a three year programme.
35 Note that the decision to potentially increase the number of student places in the Allied Health Professions by 10,000 is based on the assumption that ‘demand exceeds supply’ in terms of numbers who apply for such courses but do not secure a place. However, there is no information in relation to the quality of the applicants. Specifically, there is no information available on the proportion of potential applicants who are not suitable. As such, even under the current Health Education England commissioning process, there may not be sufficient demand amongst qualified individuals to meet this increased supply without quality standards being compromised in some way.
2 | Who will be the biggest losers?

Based on previous analyses, the elasticity of demand for higher education stands at \(-0.087\) (London Economics (2011)\(^{37}\)), which means that following an 71% increase in the cost of higher education, there would be a 6.2% expected decline in demand.

**Aggregate resource flows**

Moving from the impact at individual level, in the next section we provide an assessment of the aggregate impact of the proposed changes on Higher Education Institutions, HM Treasury, as well as the reduced number of students/graduates continuing to participate in higher education. We illustrate the aggregate effect of the changes in fees and funding arrangements under a number of different scenarios – namely under the assumption that qualified professionals in nursing have earnings that are a) representative of the entire graduate population, and b) representative of the earnings of healthcare professionals more specifically.

In addition, we also provide an indication of the impact of the policies on the potential composition of the substantive workforce and subsequent reliance on Agency staff in the face of commissioning shortfalls, as well as the viability of continued provision amongst higher education providers.

3 | What will be the impact of the proposed changes?

Exchequer

Under the current system of fees and funding, the Exchequer contributes approximately £1.185 billion to the funding of a cohort of students in nursing professions (see Figure 3 and Table 2). Of this contribution, approximately £852 million is received by Higher Education Institutions (and/or Trusts) through Health Education England funding (£687 million) and Clinical Placement Tariffs (£165 million). The remaining £334 million is allocated to students (predominantly through means-tested and non-means tested maintenance grants (£234 million)), maintenance loans (£36 million), and salary support (£64 million).

Figure 3  
Change in contributions from different stakeholders under 2015 CSR proposals

Looking in greater detail at Exchequer resource flows, the headline analysis suggest that, overall, the Exchequer saves approximately £537 million per cohort for the proposed changes contained in the 2015 CSR.

Specifically, in terms of cost savings, the Exchequer saves approximately £234 million as a result of no longer paying any maintenance grants. Approximately £71 million of this relates to the non-means tested maintenance grant currently awarded to full-time students, with a further £135 million related to means-tested grants (with the corresponding estimates for part-time students standing at £8 million and £26 million respectively).

The Exchequer ‘saves’ a further £687 million in funding allocated through Health Education England (£613 million associated with full-time students and £74 million associated with part-time students). However, a significant proportion of this cost saving is now incurred in the form of interest rate subsidies and expected write-offs of the tuition fee loans that have replaced the NHS fee bursary. The cost of the RAB charge associated with full-time student tuition fees stands at £248

London Economics' analysis
What will be the impact of the proposed changes?

£210 million (representing a RAB charge of 43.5%)\(^{38}\). Furthermore, in relation to the new increased means-tested maintenance loan, the RAB charge costs associated with this student support element was estimated to be £169 million (an increase of £169 million).

In aggregate, the ‘simple’ headline analysis suggests that the Exchequer saves approximately £415 million per cohort in relation to full-time students and £119 million in relation to part-time students.

**Table 2** Comparison of student finance arrangements in subjects allied to medicine following 2015 CSR – impact on the Exchequer

<table>
<thead>
<tr>
<th></th>
<th>Nurses, midwives and allied health subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015-16</td>
</tr>
<tr>
<td><strong>Full time students</strong></td>
<td></td>
</tr>
<tr>
<td>Number of students</td>
<td>26,180</td>
</tr>
<tr>
<td>NMT Maintenance grants</td>
<td>£71m</td>
</tr>
<tr>
<td>MT Maintenance grants</td>
<td>£135m</td>
</tr>
<tr>
<td>FT RAB NMT Maintenance loan cost</td>
<td>£42m</td>
</tr>
<tr>
<td>FT RAB NMT Tuition Fee loan cost</td>
<td>£0m</td>
</tr>
<tr>
<td>FT HEE/HEFCE grant</td>
<td>£613m</td>
</tr>
<tr>
<td>FT Clinical Placement Tariff</td>
<td>£138m</td>
</tr>
<tr>
<td>FT Salary Support</td>
<td>£55m</td>
</tr>
<tr>
<td><strong>Sub-total (full time students)</strong></td>
<td><strong>£1,054m</strong></td>
</tr>
<tr>
<td><strong>Part time students</strong></td>
<td></td>
</tr>
<tr>
<td>Number of students</td>
<td>5,145</td>
</tr>
<tr>
<td>NMT Maintenance grants</td>
<td>£8m</td>
</tr>
<tr>
<td>MT Maintenance grants</td>
<td>£20m</td>
</tr>
<tr>
<td>RAB NMT Maintenance Loan</td>
<td>(£6m)</td>
</tr>
<tr>
<td>RAB NMT Fee loan cost</td>
<td>£0m</td>
</tr>
<tr>
<td>HEE/HEFCE grant</td>
<td>£74m</td>
</tr>
<tr>
<td>Clinical Placement Tariff</td>
<td>£26m</td>
</tr>
<tr>
<td>Salary Support</td>
<td>£8m</td>
</tr>
<tr>
<td><strong>Sub-total (part time students)</strong></td>
<td><strong>£131m</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£1,185m</td>
</tr>
</tbody>
</table>

Note: MT – Means tested; NMT – Non means tested; LAH - Living at Home; LAFHOL - Living away from home outside of London; LAFHIL - Living away from home inside London. Differences in totals are due to rounding. Values in brackets represent cost-savings to the Exchequer. **Source: London Economics’ analysis**

\(^{38}\) Note that in relation to the RAB charge for part-time students, given their higher average earnings, and the fact that they are more likely to combine work with study, London Economics modelling has always estimated a lower estimate of the RAB charge compare to official estimates. Specifically, under the baseline scenario, we estimated that the RAB charge for part-time students stands at -25% meaning that HM Treasury achieves a positive return on the loans distributed to part-time students. In relation to the official estimates of the RAB charge, the Department for Business, Innovation and Skills estimates that the part-time RAB charge stands at approximately 20% - marginally below the full-time equivalent. If we were to assume the official BIS estimate, the costs to the Exchequer under the baseline scenario would be £12 million higher.
What will be the impact of the proposed changes?

Figure 4 Change in contributions from different stakeholders under 2015 CSR proposals

Higher Education Institutions/Trusts
Following the fundamental changes in the approach to funding nursing professions, the analysis (presented in Figure 3) suggests that the total resources that will be received by Higher Education Institutions will decline by approximately £57 million per cohort. The majority of this decline will be as a result of the decline in student numbers following the 71% increase in effective costs. However, there will also be a reduction in HEI revenues as a result of the fact that the proportion of the tuition fee received by HEIs will now be ‘handed back’ to students given the access agreements that HEIs sign with the Office for Fair Access.

In relation to the breakdown of resources, the analysis indicates that Higher Education Institutions will become almost exclusively reliant on tuition fee income from students. Specifically, under the new proposals, HEIs will receive £670 million in funding from full-time and part-time students in tuition fee income – but will be required to hand back approximately £30 million in Access Bursaries\(^39\), leaving a net tuition income of £640 million.

This £640 million in tuition fee income only partially replaces the £687 million in lost funding from Health Education England. On top of this reduction in income, the funding (received by Trusts) for the Clinical Placement Tariff declines from £165 million to £154 million as a result in the 6.2% decline in the number of students.

\(^{39}\) As per footnote 12, this is an underestimate of the potential resource implications of Access Bursaries for Higher Education Institutions. In reality, the actual costs of additional widening participation and retention activities would be approximately £20 million per cohort greater (i.e. implying that the total financial commitment of HEIs in relation to Access Bursaries might be closer to £50 million rather than the £30 million presented here).
What will be the impact of the proposed changes?

Table 3  Comparison of student finance arrangements in subjects allied to medicine following 2015 CSR – impact on Higher Education Institutions

<table>
<thead>
<tr>
<th></th>
<th>Nurses, midwives and allied health subjects</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015-16</td>
<td>2017-18</td>
<td>Change</td>
</tr>
<tr>
<td>Full time students</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of students</td>
<td>26,180</td>
<td>24,554</td>
<td>(1,626)</td>
</tr>
<tr>
<td>Full time Gross fee income</td>
<td>£0m</td>
<td>£599m</td>
<td>£599m</td>
</tr>
<tr>
<td>Access Bursaries</td>
<td>£0m</td>
<td>(£30m)</td>
<td>(£30m)</td>
</tr>
<tr>
<td>FT HEFCE grant/ HEE Funding</td>
<td>£613m</td>
<td>(£0)</td>
<td>(£613m)</td>
</tr>
<tr>
<td>Clinical Placement Tariff (FT)</td>
<td>£138m</td>
<td>£130m</td>
<td>(£8m)</td>
</tr>
<tr>
<td>Sub-total</td>
<td>£751m</td>
<td>£699m</td>
<td>(£52m)</td>
</tr>
<tr>
<td>Part time students</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of students</td>
<td>5,145</td>
<td>4,825</td>
<td>(320)</td>
</tr>
<tr>
<td>PT net fee income</td>
<td>£0m</td>
<td>£72m</td>
<td>£72m</td>
</tr>
<tr>
<td>PT HEFCE grant/ HEE Funding</td>
<td>£74m</td>
<td>£0m</td>
<td>(£74m)</td>
</tr>
<tr>
<td>Clinical Placement Tariff (PT)</td>
<td>£26m</td>
<td>£25m</td>
<td>(£1m)</td>
</tr>
<tr>
<td>Sub-total</td>
<td>£100m</td>
<td>£96m</td>
<td>(£4m)</td>
</tr>
<tr>
<td>Total</td>
<td>£851m</td>
<td>£795m</td>
<td>(£57m)</td>
</tr>
</tbody>
</table>

Note: MT – Means-tested; NMT – Non-means tested; LAH - Living at Home; LAFHOL - Living away from home outside of London; LAFHIL - Living away from home inside London. Differences in totals are due to rounding.

Source: London Economics’ analysis

In addition to the decline in funding, there may be additional consequences on Higher Education Institutions. In particular, Health Education England plays an important role in balancing the demand for higher education in Allied Health Professions with the current supply of HEI places (both by institution and by subject discipline). With the removal of this balancing role from HEE, and the fact that the entire resources of the fees and funding system will be fully portable, means that there could be significantly greater volatility and uncertainty associated with HEI future funding flows.

Furthermore, by removing the system-wide student cap – and potentially the student cap for individual Higher Education Institutions – in stark contrast to the activities of Health Education England - actually increases the potential volatility and uncertainty on the supply side.

Although there is only very limited evidence in relation to the capacity of Higher Education Institutions to viably supply training in the Allied Health Professions, we believe the reduction in the expected demand for health professional training, as well as the reduced funding per capita, will negatively impact the supply of HEI provided training. Specifically, we believe that there are Higher Education Institutions that are currently on the cusp of viability in health related disciplines – and who already implicitly cross-subsidise health related training through lower cost subjects (i.e. humanities and social sciences). Further erosion of volume and unit of resource may result in irreversible declines in future supply as HEIs take the view that continued provision is unsustainable.

Students/graduates

In aggregate, instead of being net beneficiaries of public funding (by £334 million), the analysis suggests that student/graduates in nursing professions will now contribute £143 million to fund their studies. Predominantly, this increase in contribution is made up by the £670 million net tuition fee income provided to Higher Education Institutions offset against £537 million received in the form of tuition fee loan write offs (£227 million), maintenance loan write offs (£210 million), and salary support (£60 million).
Disaggregated analysis
From the student perspective, in addition to the aggregate analysis of the average change in the RAB charge, it is also important to understand the different effect depending on post-graduation earnings. Specifically, in the panel to the left of Figure 5, the analysis suggests that amongst women, the RAB charge ranges from 98.6% for women in the lowest earnings decile post-graduation to minus 1.9% for the top earning graduates (with the average RAB charge standing at 28.7%)[40]. In relation to the level of debt that is expected to be written off by the Exchequer 30 years post-graduation, for women in the bottom earnings cohort, the write-off stands at £6,930, with women in the 4th decile and above paying off their entire student debt (plus interest). The average debt on reaching the 30 year end of loan repayments stands at £1,949 for women and zero for men.

However, under the proposed changes to the fees and funding regime facing student in the Allied Health Professions, the average RAB charge amongst women increases to approximately 48.4%[41], with the average level of debt written off 30 years post-graduation standing at approximately £33,756. Furthermore, unlike the baseline scenario, only women in the top earning decile will pay off their entire loan balance.

Figure 5 RAB charge and debt outstanding on write off under baseline system and proposed amendments

London Economics’ analysis

Note that we have assumed that 10% of students in nursing professions are male. As a result, over the entire cohort of students, the average RAB charge under current fees and funding arrangements stands at 25.5%.

43.5% across the entire cohort
3.1 Adjusting for realistic post-graduation earnings

The analysis presented so far assumes that the earnings achieved by students in the nursing professions are representative of the graduate cohort as a whole, and it is this assumption that drives the estimate of the RAB charge (43.5% for the cohort overall). However, it is clear from wider academic research (Department for Business, Innovation and Skills (2011))\(^\text{42}\) that the returns achieved by students/graduates in these subject areas are lower than those achieved more generally – both in relation to potential starting salaries, but also less likely to grow rapidly, given the heavily centralised pay setting within the Allied Health Professions.

In particular, given the slightly older age of students undertaking Allied Health Profession degrees, the starting salary associated with a newly qualified nurse stands at £21,692 excluding any area cost adjustment (comparable to the bottom of Band 5)\(^\text{43} - 44\). This corresponds to the 3\(^{rd}\) decile of earnings, with an associated RAB charge for women of 93.2% (and 20.5% for men), corresponding to a weighted average of 85.9% overall. Even if we assume that earnings are marginally greater than this over the working life, the RAB charge associated with the 4\(^{th}\) decile of earnings stands at 75.8% for women (-2.5% for men) and a weighted average of 68.0% overall\(^\text{45}\). Table 4 illustrates the costs to the Exchequer under these more realistic assumptions relating to the RAB charge.

Table 4 Comparison of student finance arrangements in nursing subjects following 2015 CSR – impact on the Exchequer

<table>
<thead>
<tr>
<th></th>
<th>2015-16</th>
<th>2017-18</th>
<th>2017-18</th>
<th>2017-18</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25.5% RAB</td>
<td>43.5% RAB</td>
<td>48.6% RAB</td>
<td>68.0% RAB</td>
<td>85.9% RAB</td>
</tr>
<tr>
<td><strong>Full time students</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of students</td>
<td>26,180</td>
<td>24,554</td>
<td>24,554</td>
<td>24,554</td>
<td>24,554</td>
</tr>
<tr>
<td>NMT Maintenance grants</td>
<td>£71m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
</tr>
<tr>
<td>MT Maintenance grants</td>
<td>£135m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
</tr>
<tr>
<td>FT RAB NMT Maintenance loan cost</td>
<td>£42m</td>
<td>£210m</td>
<td>£235m</td>
<td>£329m</td>
<td>£415m</td>
</tr>
<tr>
<td>FT RAB NMT Tuition Fee loan cost</td>
<td>£0m</td>
<td>£248m</td>
<td>£276m</td>
<td>£387m</td>
<td>£489m</td>
</tr>
<tr>
<td>FT HEE/HEFCE grant</td>
<td>£613m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
</tr>
<tr>
<td>FT Clinical Placement Tariff</td>
<td>£138m</td>
<td>£130m</td>
<td>£130m</td>
<td>£130m</td>
<td>£130m</td>
</tr>
<tr>
<td>FT Salary Support</td>
<td>£55m</td>
<td>£52m</td>
<td>£52m</td>
<td>£52m</td>
<td>£52m</td>
</tr>
<tr>
<td><strong>Sub-total (full time students)</strong></td>
<td>£1,054m</td>
<td>£640m</td>
<td>£693m</td>
<td>£897m</td>
<td>£1,085m</td>
</tr>
<tr>
<td><strong>Part time students</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of students</td>
<td>5,145</td>
<td>4,825</td>
<td>4,825</td>
<td>4,825</td>
<td>4,825</td>
</tr>
<tr>
<td>NMT Maintenance grants</td>
<td>£8m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
</tr>
<tr>
<td>MT Maintenance grants</td>
<td>£20m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
</tr>
<tr>
<td>RAB NMT Maintenance Loan</td>
<td>(£6m)</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
</tr>
<tr>
<td>RAB NMT Fee loan cost</td>
<td>£0m</td>
<td>(£20m)</td>
<td>(£20m)</td>
<td>(£20m)</td>
<td>(£20m)</td>
</tr>
<tr>
<td>HEE/HEFCE grant</td>
<td>£74m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
<td>£0m</td>
</tr>
<tr>
<td>Clinical Placement Tariff</td>
<td>£26m</td>
<td>£25m</td>
<td>£25m</td>
<td>£25m</td>
<td>£25m</td>
</tr>
<tr>
<td>Salary Support</td>
<td>£8m</td>
<td>£8m</td>
<td>£8m</td>
<td>£8m</td>
<td>£8m</td>
</tr>
<tr>
<td><strong>Sub-total (part time students)</strong></td>
<td>£131m</td>
<td>£12m</td>
<td>£12m</td>
<td>£12m</td>
<td>£12m</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£1,185m</td>
<td>£652m</td>
<td>£705m</td>
<td>£909m</td>
<td>£1,096m</td>
</tr>
<tr>
<td><strong>Change from Baseline</strong></td>
<td>(£534m)</td>
<td>(£480m)</td>
<td>(£276m)</td>
<td>(£88m)</td>
<td></td>
</tr>
</tbody>
</table>

Note: MT – Means-tested; NMT – Non-means tested; LAH - Living at Home; LAFHOL - Living away from home outside of London; LAFHIL - Living away from home inside London. Source: London Economics’ analysis

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43 See NHS Careers [here] (Accessed 23-02-2016)
44 Incorporating area cost adjustment, the starting salary is closer to £22,776
45 Note, as per footnote 6, these average real earnings figures are comparable with those presented in the MAC report [here]
In other words, given the fundamentally different characteristics of graduate earnings for students in nursing professions, as well as the higher the average of incidence of females employed in the profession (with the consequential effect on labour market participation), the potential ‘savings’ accrued by the Exchequer might be significantly lower than the headline estimates presented in Figure 2 and Table 4.

In particular, if we assume that graduate earnings are on the 3rd earnings decile, the actual savings might be closer to £88 million per cohort (of which the majority (£73 million) of this saving is associated with reduced student numbers and just £15 million – or less than 3% - associated with ‘real’ savings).

**Figure 6  RAB charge and debt outstanding on write-off under baseline system and proposed amendments**

<table>
<thead>
<tr>
<th>Net contributors</th>
<th>Net Recipients of funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>(£1,185m)</td>
</tr>
<tr>
<td>(£143m)</td>
<td>(£852m)</td>
</tr>
<tr>
<td>(£652m)</td>
<td>(£795m)</td>
</tr>
<tr>
<td>(£909m)</td>
<td>(£795m)</td>
</tr>
<tr>
<td>(£1,098m)</td>
<td>(£795m)</td>
</tr>
<tr>
<td>(£1,300m)</td>
<td>(£300m)</td>
</tr>
</tbody>
</table>

London Economics’ analysis
4 Other costs?

Increased reliance on Agency Staff

In addition to achieving relatively limited direct savings, there are some important wider consequences that need to be considered. Specifically, if there is a decline in the number of students in Allied Health Professions participating in higher education, this means that in the medium term, there will be insufficient entrants to the National Health Service to compensate for that proportion of the substantive workforce that leave the profession every year. Specifically, the proportion of nurses leaving the profession increased from 6.8% in 2009-10 to 9.2% in 2014-15 (compared to 7.9% and 9.0% across all staff (including clinical staff)\(^\text{46}\)). The same report suggests that in 2014, there was a 7.2% shortfall in the nursing workforce (equating to almost 28,000 individuals). To fill these temporary shortfalls, there is an increasing reliance on Agency staffing. In particular, the recent NAO report suggests that:

*The demand for temporary staffing has increased. For example, the number of nursing hours [……] doubled in three years (from around 650,000 in April 2012 to 1.3 million in April 2015). This suggests, across all trusts, requests for temporary staff were equivalent to around 30,000 full-time equivalent nurses (or 11% of total nursing hours) in 2014-15.*

This use of Agency staffing costs Trusts in the region of £3.3bn per annum – corresponding to 7% of Trusts’ entire wage bill\(^\text{47}\).

Taking the example of adult nursing, information from a variety of sources\(^\text{48}\) suggests that the cost premium associated with Agency staffing is approximately 50% more than directly employed NHS staff. If we assume that newly qualified nurses are employed at the bottom of Band 5 (Point 16) – and assuming that there is an average of a 5% area cost adjustment\(^\text{49}\) - this suggests that the average cost of employing Agency nurses is between approximately £11,000 and £17,000 per annum more than employing an Adult nurse directly (depending on the point on the salary band of the nurse being covered). Using the same assumption in relation to in-course attrition and drop-out, if we assume that 80% of completers actually enter the NHS post qualification attainment, and that newly qualified staff have the same turnover rate as the existing pool of directly employed staff (9.2%), then this suggests that the additional costs incurred per full-time-equivalent nurse employed through an Agency is approximately £62,000 in present value terms over a 10 year period (which we believe is a very conservative estimate).

Aggregating this estimate of the additional Agency cost per nurse by the expected decline in the numbers entering higher education in a particular cohort (1,754 full-time students and 345 part-time students), this equates to an additional £100.3 million cost to Trusts per cohort. This implies that depending on the assumptions made in relation to post graduation earnings in Allied Health Professions (and the estimate of the RAB charge), the entire ‘savings’ that might be achieved through reduced commissioning costs might be eliminated almost completely\(^\text{50}\).

Overseas recruitment

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\(^\text{46}\) National Audit Office (2016), *Managing the supply of NHS Clinical Staff in England*, February  (here) [Accessed 29-02-2016]

\(^\text{47}\) Note that spending on agency nurses increased by more than spending on bank nurses. In the two years to 2014-15, data from a sample of trusts suggests spending on agency nurses tripled (comprising a 178% increase in use and a 9% increase in the hourly rates charged by agencies). This compared with an 11% increase in spending on bank nurses.

\(^\text{48}\) Liaison (2014), *Taking the temperature, The inaugural review of NHS agency staffing spending in 2013/14* (here) [Accessed 29-02-2016]

\(^\text{49}\) In relation to area cost adjustments, in Inner London, the area cost adjustment stands at 20% of basic salary, subject to a minimum payment of £4,117 and a maximum payment of £6,342. In outer London, the area cost adjustment stands at 15% of basic salary, subject to a minimum payment of £3,483 and a maximum payment of £4,439, while in Fringe areas, the area cost adjustment stands at 5% of basic salary, subject to a minimum payment of £951 and a maximum payment of £1,649.

\(^\text{50}\) Importantly, this takes no account of the potential additional costs that might be incurred by HEIs or Trusts in relation to recruitment or retention (i.e. “golden hellos” or possible loan forgiveness during employment).
Alternatively, shortfalls in the supply of NHS nurses have been addressed through the use of overseas recruitment. Headcount data from the Nursing and Midwifery Council and the Health and Social Care Information Centre suggests that 14% of nurses in the NHS are trained overseas. Combined with the introduction of an annual limit for how much each NHS trust can spend on Agency nurses (as a percentage of total spending on nursing staff), some NHS trusts may face substantial difficulties to fill staffing shortfalls, which raises the concerns over patient safety.

Moreover, while there is no definitive cost associated with recruiting from overseas; the National Audit Office (2016) estimates the cost of recruiting a single nurse from overseas to range from £2,000 to £12,000, which will further erode any potential fiscal benefits that might arise from the proposed changes in the 2015 CSR.

**Patient safety**

A further reduction in the supply of nurses will have costly repercussions for patient safety. With fewer newly qualified nurses, the existing health professionals will be expected to work longer hours and take on more patients in order to do more with less. This is likely to lead to an increase in the occurrence of ‘never events’ (i.e. serious incidents that are wholly preventable) - 306 of which occurred between 1st April 2014 and 31st March 2015. More ‘never events’ will mean more legal claims made against the NHS for clinical negligence. Between 2009/10 to 2013/14, more than £1.1bn has been paid out for errors of this nature at just 20 NHS trusts. Increased compensation costs will further erode any potential fiscal benefits that might arise from the proposed changes in the 2015 CSR.

**Closing beds**

The scrapping of the NHS bursary will also have a negative impact on the capacity of health and social care services to meet demand. If nursing numbers are reduced, this will result in beds being closed in hospitals. In 2014, significant concerns regarding nursing shortages at Mid Yorkshire Hospitals NHS Trust led to the Care Quality Commission (CQC) closing six beds on a 46 bed acute respiratory care ward at Pinderfields Hospital. On some occasions there was a ratio of one nurse to 22 patients. In January 2016, Southend University Hospital NHS Foundation Trust was forced into significant bed closures after inspectors raised concerns about staff ratios. The CQC had raised “concerns over the trust’s ability to maintain registered nursing staffing levels to the ratio as indicated in [the National Institute for Health and Care Excellence] guidance”. The Trust, which had 583 beds as of the third quarter of 2015-16, indicated that 18 substantive beds remained closed “until staffing levels improve sufficiently to allow them to be safely reopened”. In addition, 28 temporary escalation beds, which had been opened to provide extra capacity because demand had been rising, were closed during the second half of January and remained closed throughout February 2016.

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51 Health and Social Care Information Centre (2015). Based on information extracted from ESR from the NMC registration number field [here] (Accessed 07-04-2016)
5 | Conclusion

What were the broad proposed changes in the 2015 CSR?
The 2015 Comprehensive Spending Review (HM Treasury (2015))\(^57\) contained a number of significant policy proposals in the education and skills arena, although potentially none as important as the proposals relating to the higher education fees and funding arrangements for nursing, midwifery, and allied health subjects. Our understanding of the fundamental changes are as follows:

- Students undertaking nursing, midwifery and allied health degrees from September 2017 will be moved on to the standard student support system. Essentially, all non-repayable mainstream NHS bursaries and additional allowances will be replaced with income-contingent loans\(^58\).
- Furthermore, students undertaking health related degrees will move from their higher education places being funded via the Health Education England commissioning process to a variable fee-based tuition fee system backed by income-contingent loans.

What will be the impact of the proposed changes in the 2015 CSR?
As a result of these policy changes:

- **Students/graduates will be substantially worse off.** The 71% increased costs that students and graduates will bear will result in the nursing professions being less attractive, and will in all likelihood reduce higher education participation by 6-7% - equivalent to almost 2,000 students in the first year.
- **Higher Education Institutions will also be worse off** by approximately £57-£77 million per cohort. Higher Education Institutions will be hit by the reduction of student numbers, but also by the reduction in the unit of resource associated with these students as a result of Access Bursaries that will need to be financed. Furthermore, if fees and funding support is entirely portable, Higher Education Institutions’ income streams are likely to be substantially more volatile in the future.
- **At first glance**, following the removal of grants and allowances, as well as making students/graduates bear a significant proportion of the tuition fee cost, the Exchequer will be approximately £534 million per cohort better off. However, this is based on the assumption that students in nursing professions achieve comparable post-graduation earnings as the wider graduate cohort.
- **If the analysis is replicated** – and we assume that the earnings of graduates in Allied Health Professions are comparable to fully qualified nurses, midwives and health professionals, then the cost savings achieved by the Exchequer declines by anywhere between 50% and 85% (to approximately £88 million).
- **Given the acute shortages across the NHS workforce**, any decline in the level of education commissioning is likely to lead to a significant increase in staff shortages in the medium term – and the subsequent dependency on Agency staff. The increased costs associated with this increased dependency could almost entirely wipe out any potential cost savings.

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\(^{58}\) Note that the move to loans will mean access to additional financial support for health students during their studies in absolute terms [2015 CSR (Paragraphs 1.100, 2.46 and 3.122)]
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Economic analysis of Higher Education fees and funding in the health professions

A Response to the Council of Deans of Health

8th June 2016

Following the proposed changes to HE fees and funding arrangements in Allied Health Professions, it is encouraging that the recent Council of Deans of Health briefing agrees with an overwhelming majority of the key findings presented in the London Economics’ report for UNISON and the NUS.

Areas of agreement
Specifically, following the detailed analysis of both current and proposed funding arrangements, there does not appear to be any disagreement with the fact that the replacement of student maintenance grants with repayable loans, as well as the introduction of tuition fee loans, will result in a 71% increase in the cost borne by a representative student/graduate completing a three year degree in Allied Health Professions (on average). Putting aside the impact of this increase in costs on demand (which we discuss below), there appears to be no disagreement that a cohort of prospective students will be made almost £½ billion worse off by the proposed changes. In addition, there appears to be consensus that because of the rigour London Economics applied to the modelling of the RAB charge (i.e. the proportion of the loan written off by the government), the proposed savings accruing to HM Treasury will be significantly less than the headline estimates (approximately £88 million rather than £534 million) because of the lower earnings in the profession – thereby leaving a question mark over whether there will be any savings at all.

Elasticity of demand
The main point of contention relates to the assessment of the elasticity of demand with respect to the 71% change in price. The fundamental principles of economics suggest that holding other factors constant, an increase in the price of a good will result in a reduction in the quantity demanded – in other words, a downward sloping demand curve. There are exceptions – but they are very rare. Therefore, the issue at the core of this analysis is the extent to which quantity demand is responsive to changes in price (how steep is the demand curve?). The Council of Deans of Health suggest that because the number of applications exceeds the number of enrolments, then increasing costs by 71% may have an effect on applications, but a sufficient number of applications will persist to maintain student enrolment. In other words, their assertion is that the elasticity of demand equals zero.
However, as every applicant can make up to 5 applications (with the average being 4.41), it is important to note that the number of applications greatly exceeds the number of applicants, and framing the discussion in terms of applications is potentially misleading.

**Lack of evidence on latent demand amongst qualified applicants**
The first point is that there is no evidence whatsoever to support this assertion of zero elasticity of demand. It might be the case that the number of applications currently exceed the number of enrolments; however, there is no objective evidence in relation to the extent to which suitably qualified applicants exceed current enrolment levels. This is important given the more involved nature of applications compared to the application process in many other subject disciplines.

More generally, any assertions put forward by the Council of Deans suggesting completely unresponsive demand should be evidenced by an assessment of the responsiveness of suitably qualified applications and the cost of undertaking a three-year degree. If it is the case that the application rate in nursing and Allied Health Professions is even slightly responsive to changes in price, then the presumption that there is a latent pool of unmet demand might be fundamentally misleading.

**Our estimate of elasticity of demand is evidence based – and conservative (or optimistic)**
London Economics have modelled an elasticity of demand of -0.0871. This means that following a 100% increase in price, there would be an 8.7% reduction in quantity demand. This approach assumes that investing in higher education is highly unresponsive to changes in price. The estimation of the elasticity of demand is based on an analysis of higher education participation undertaken by the Institute for Fiscal Studies using enrolment data relating to the introduction (and removal) of up-front fees in higher education in the late 1990s, and the introduction of differential top-up fees (and associated maintenance grants) in 2006. In other words, this was a rigorous study spanning a decade of changes to higher education fees and funding undertaken by a highly reputable research organisation.

Taking a more practical example to illustrate, suppose that there were 100 places available in Allied Health Professions undergraduate degree level courses. Associated with this number of places, UCAS data suggests there are approximately 8.62 applications per acceptance/place, implying 862 applications – though not necessarily from unique applicants2 (there are approximately 195!). Hence, the presumption of healthy excess demand.

From a recent Freedom of information request made to higher education institutions, we understand that approximately 17.8% of applications in nursing, midwifery and Allied Health Professions are assessed to have come from applicants meeting the eligibility and suitability criteria, and who would have been offered a place. This suggests that the total pool of qualified unique applicants is closer to 153 (i.e. 862* .178).

The crucial question is how sensitive applications are to changes in price. It is probable that applications are more responsive to increases in price than actual HE participation. We also know that following the introduction of £9,000 fees in 2012, which equated to an increase in costs of approximately 10%, applications declined by 10% the following

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1 Hemett and Marcotte (2008) estimate the elasticity of demand for higher education to be -0.1072.
2 Note that the number of applications greatly exceed the number of applicants. Specifically, according to UCAS, there are 4.41 applications per applicant. This suggests that the number of unique applicants per 100 places/acceptances is closer to 195.
3 Note that the Freedom of information request was made to 20 HEIs in England that have the greatest numbers of medical and health students (according to UCAS). Of the 20, we received 17 responses; however, some universities (8) did not collect all the information needed to assess the proportion that met the criteria and could have been offered a place. As such the analysis is based on those 9 HEIs that consistently collected the relevant information.
year. Five years later, applications from English domiciled students were still 3-4% lower than in 2011. This suggests that the elasticity of applications might be anywhere in the region of -0.3 to -1.04.

**How sensitive do applications need to be to increases in prices to result in lower demand?**

If the elasticity was in the middle of this range and equal to -0.5, this implies that a 10% increase in the cost of undertaking a degree will be associated with a reduction in applicants by 5%. Using our analysis relating to the expected price increase, this implies that the 71% increase in price would be expected to reduce the number of applicants by approximately 35.5% - leaving just 99 suitable applicants (153*(1-0.355)). This is by no means an implausible estimate.

Our analysis suggests that if demand for higher education amongst nurses, midwives and allied health professionals is as sensitive as we suggest (i.e. a little but not very), then this eligible pool of demand might actually be insufficient to meet current supply.

**Counterfactual**

It is correct that there has not been any analysis since 2012 of the impact of the introduction of £9,000 fees on demand for higher education. However, this evidence gap would suggest that this type of analysis is undertaken before such a fundamental change in funding arrangements is initiated. However, a simple assertion that student numbers are now higher than in 2011 or 2010 is not evidence that recent or proposed changes in the HE costs incurred by students/graduates have had - or will have - no effect on demand5. This is a misleading argument, and as the Council of Deans rightly point out, understanding the counterfactual is important. In the absence of the increase in tuition fees to £9,000 per annum, how much higher would higher education participation be than currently the case? Zero like the Council of Deans of Health suggest or approximately 1.5% higher using our estimate of the elasticity of demand?

**How reasonable are the estimates of elasticity of demand made by London Economics compared to the Council of Deans of Health?**

To understand some wider estimates of the responsiveness of demand to changes in price, below we present some estimates for a range of goods and services. Potentially the most comparable to this analysis, the elasticity of demand for private schooling between 1993 and 2008 in England was estimated to be -0.26 (IFS, 2010). In relation to other products, the elasticity of demand for goods with limited substitutability included: energy -0.30 to -0.80 (IFS, 2013); fuel -0.1 to -0.5 (RAND Europe, 2014); road trips -0.10 to -0.30 (Transport for London, 2008); and air transport -0.50 (Department for Transport, 2009). In relation to a range of foods, the elasticity of demand was estimated to be between -0.50 and -1.0 (i.e., cheese -0.35; Fats -0.75; Milk -1.0; Butter -0.7 (IFS. 2010)). In a review of 34 pieces of academic research provided by HM Revenue and Customs, the elasticity of demand for beer was estimated to be -0.44, compared to -0.78 for wine and -0.85 for spirits. The lowest estimate of the elasticity of demand for any form of alcohol across any of the studies undertaken between 1945 and 2013 was -0.08.

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4 Note that following the increase in tuition fees in 2012 (which were equivalent to a 10% increase in total direct and opportunity costs), applications from English domiciled students declined by approximately 10% between 2011 and 2012, and in 2015 were still 3% lower than 2011 levels. Clearly, there may be a range of other factors that affect demand, however, currently, there is limited evidence of the different factors that may have affected HE participation.

5 Note that aggregate UCAS applications in 2015 amongst students domiciled in England are still 3.3% below 2011 levels, although there has been a 26% increase in applicants amongst non-EU international students over the same period.
In general, the elasticity of demand ranged between -0.1 and -1.0, meaning that a 10% increase in price would result in a reduction in demand of between 1% and 10%. Given this, we would continue to stick with our hugely conservative estimate that higher education demand is affected by price – but to a very limited extent. Note that the reduction in demand is driven by the 71% increase in the costs of study – not by the estimate of the elasticity of demand.

The impact on Higher Education Institutions

When London Economics undertook the economic impact analysis, we based our research on the limited information contained within the 2015 CSR. There was no information contained in the 2015 CSR suggesting that any compensating income might be available to HEIs following the reduction in the unit of resource available as a result of the ‘Offa tax’. Note however, we wouldn’t describe this HEI expenditure as an ‘Offa tax’ as it is aimed at promoting recruitment and retention amongst students from non-traditional backgrounds. It is a widening participation subsidy, and given the widespread evidence relating to the reversal in social mobility, should be encouraged. We note throughout our report that the position of HEIs will be worse off (by between £57-77 million per cohort) unless there is compensating income provided by the Exchequer. The Department of Health Impact Assessment suggests that there will be compensating income to fill the shortfall; however, clearly, this makes the position of the Exchequer worse than previously imagined – and essentially eliminates any possible savings that might have been achieved from these funding changes.

In relation to the other points raised in the Council of Deans of Health briefing, we respond to a number of other points below:

University funding – In as much as HEFCE funding will be allocated in the same way under the proposals as currently the case, the analysis does include the additional costs associated with the provision of high cost subjects. In addition, the modelling of the resource flows between the Exchequer, HEIs and students/graduates also takes into account London weighting. As a result, the assertion that the analysis is simplistic and inaccurate is incorrect.

Presenting a range of scenarios – From the perspective of the student and the Exchequer, given the fact the current and proposed funding arrangements were clearly identified, there is no requirement to test hypothetical alternatives. As is best practice, sensitivity analyses were presented in detail to reflect different assumptions in relation to earnings amongst graduates in nursing and Allied Health professions – and as a result - the RAB charge. This sensitivity analysis results in significantly lower estimates of the Exchequer benefits derived from the proposals.

Appropriate discount rates for the RAB charge – the suggested discount rate for the RAB charge was amended in the 2015 CSR. All analysis of current and proposed changes adopts the same discount rate, as clearly any differential use would be misleading. It is not possible for London Economics to provide a discussion of the appropriateness of alternative discount rates, but simply to ensure the consistency of the methodology when comparing current and proposed systems.

The impact of debt on higher education participation - It is important to note that the role of debt is not considered as having an impact on demand (although it might in reality). Debt is misleading, because a significant proportion is written off by the Exchequer. Therefore, when considering debt, we simply look at the costs of the debt (i.e. who pays the debt?).

Health Education England - Although no regulator is perfect, having considered the impact of reduced regulation and increased marketisation on higher education, we have seen many of the unintended consequences that occurred alongside previous reforms. We remain of the belief that some degree of regulation of this sector is crucial to the proper functioning of the market.

Having undertaken a number of significant pieces of work looking at workforce planning amongst the health workforce, and recognising the many challenges in relation to in-course attrition and non-
uptake, as well as turnover amongst the substantive workforce, we are acutely aware of many of the workforce planning issues faced by LETBs.

We are also acutely aware of the dependency of workforce planners on Bank and Agency staff, and simply make the case that there are links between the stability of the substantive healthcare workforce and a range of outcomes related to the quality of the care received by patients.